

98-84365-13

Coleman, James H.

Letters, &c. on
corporations and taxation

[S.I.]

[1879?]

98-84365-13

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

336.73	Coleman, James H
214	... Letters etc. on corporations and taxation...
N. Y. [1879?]	0 6l p 1 tab 21cm
No 2 of a vol of pamp	
Only Ed	

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 10:1IMAGE PLACEMENT: IA IIA IB IIBDATE FILMED: 3/7/98INITIALS: F.C.TRACKING #: 31182

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

And it came to pass in those days, that there went out a decree from Cæsar, Augustus that all the world should be taxed. And all went to be taxed, every one into his own city.—St. Luke, Chap. 11, 1, 3.

mt
no 2

The most vital issue in the United States to-day is, whether the State shall be ruled by the people, or ruined by the corporations.—*New York Evening Express.*

336. 27
2/14
#2

LETTERS, &c. ON

Corporations

AND

Taxation.

By JAMES H. COLEMAN,

120 BROADWAY, N. Y.

When the tax laws of this State were passed, railroad corporations were unknown to us. No such institutions then existed in the State, and the laws respecting the taxation of real and personal estates reach them only, and quite awkwardly, through the laws respecting corporations generally.—*Remarks of Judge Hunt of the Court of Appeals* (48 N. Y. R., 78.)

Woe to them that make wicked laws — *Isaias, Chap. X. 1.*

CORPORATIONS EVADING TAXATION.

HOW THE PEOPLE OF NEW YORK ARE ROBBED BY GREAT CORPORATIONS.

SIX HORSE RAILROADS TAXING THE PUBLIC TO PAY EIGHT PER CENT. ON
OVER TWENTY-THREE MILLION DOLLARS.

JOHN WHEELER & CO. REQUIRE THEM TO PAY TAXES ON \$4,141,209!

HOW THE TRACKS OF THE CITY RAILWAYS SHOULD BE VALUED FOR THE
PURPOSES OF TAXATION.

THE POWER OF THE LEGISLATURE TO REGULATE FREIGHT AND
TELEGRAPH RATES.

OUR LEGISLATURE FILLED WITH THE ATTORNEYS OF THE GREAT CORPORATIONS.

EXAMPLES OF THE GREED OF THE RAILROADS.

(Correspondence of the New York Daily Graphic.)

ALBANY, December 23, 1878.—For a month preceding the meeting of the Legislature there is always a good deal of fluttering at the State capital, and this year it is more marked than usual. The Speakership is, of course, the great bone of contention and even in ordinary times it is a prize worth contending for. In the next few years it will be more eagerly coveted than ever, not so much for the personal advantages it will bring to the Speaker as a means in the hands of the people to important economic ends. It is well known that, in the past, it has been a powerful engine in the hands of the corporations. By the election of a friendly Speaker a great monopoly, like the New York Central and Hudson River Railroad, gains an incalculable advantage. Not only the Railroad Committee of the Assembly, but every committee which can in any way influence or concern the interests of the road are constituted as Vanderbilt dictates, and as his company generally manages to send a large number of its hired attorneys to the Legis-

lature, these get the important places under Vanderbilt's dictation. This was never more painfully true than last year, but fortunately for the public interests, it was so patent that from every part of the State there is coming up a cry against this class of political vassals who vote away the people's rights at the bidding of their masters.

A PAMPHLETEER'S OPINION.

During the last session of the Legislature there was circulated among the country members a pamphlet on "Taxation and Corporations," said to be from the pen of a well-known New York lawyer. In this pamphlet the political vassalage of these hired attorneys was quaintly, but aptly put. Referring to the legned of the swineherd on whose collar was engraved "Gurth, the son of Boewulph, is the born thrall of Cedric of Rotherwood," the pamphleteer observes:

"This political thralldom is repeated in our day, with the disgrace of self-interest, resulting in violated oaths, in the personal, professional and political enslavement of our law-makers—all caused by a greed for corporate gold. Putting aside the titles which are mere masks to cover the truth, there are legislators who in moral fact wear their visible collars stamped with the names of their masters, after the following fashion: —is the official thrall of the Equitable Life Assurance Society; —is the official thrall of the New York Central and Hudson River Railroad Company; —is the official thrall of the Lake Shore Railroad Company; —is the official thrall of the Hudson and Delaware Canal Company; and —is the official thrall of the New York Life Insurance Company. This thing of doubtful gender, known as the Erie Receivership, also has its thralls in our legislative halls, who wear the dog collar inscribed: "I am the thrall of Hugh J. Jewett," and side by side with these slaves we find the thralls of numerous corporations who have interests to protect."

Wherever we look we cannot fail to observe how true this is. The great corporations have their attorneys in the Legislature, in Congress and on the Bench. The history of the last few years is full of the wrongs perpetrated by these hired servants. In the Legislature, and in Congress they vote away valuable franchises to their employers for nothing,—vote subsidies, knowing that only their masters will reap the advantages,—even vote away the streets of a great city. On the Bench men of the same class sit in judgment to confirm their grants. Closely associated with these men are the political lawyers and law firms which have come into being as a part of the appendages of the great corporations—or the thralls of the New York Central, the Erie, and the Western Union, and the Hudson and Delaware Canal Company, and the Equitable, Mutual and Globe Insurance Companies. Since the real character of these lawyers, judges and legislators has come to be understood a great change has taken place, among the people, in regard to their trusted leaders. In nearly every community has the influence of these leaders been against the true interests of the people.

ple. By way of illustration, I can cite no more marked instance than that of Senator Henry C. Murphy, the attorney or President of the Brooklyn Bridge Company, who lobbied to compel New York City to pay one-half the cost of a structure which she not only does not want but which is a positive injury to her. Comptroller Kelly cannot be too highly commended for resisting this monstrous wrong, and his example will give courage to the people in every part of the State to resist similar outrages, by whomsoever inflicted.

WHOLESALE CORRUPTION.

If I had time I might give instances, in every part of the State, of influential citizens corrupted by the corporations so that the monopolies, by their influence, might rule and ruin the people. For want of space, and time I shall content myself with a few examples. The most remarkable of these I find in your own city, where a not less eminent citizen than Thurlow Weed is director in seven street railway companies. Such a remarkable fact cannot be purely accidental, and when it is remembered that it has always been the policy of these corporations to get their franchises for nothing, and to shirk their share of taxes, the value of such a man, powerful in the Legislature, with the press, and among the people, becomes at once apparent. The assessed value of all these roads for the year 1878 was as follows:

	<i>Personal.</i>	<i>Real.</i>	<i>Total.</i>
Broadway and Seventh Avenue	\$689,294	\$450,000	\$1,149,294
Dry Dock and East River	290,876	308,500	599,375
Christopher and Tenth St	66,000	66,000
Central Park, N. and E. R	264,040	183,000	447,040
Bleecker St. and Fulton Fy	90,000	160,000	250,000
Twenty-third Street	135,000	134,000	269,000
Third Avenue	689,500	932,000	1,621,500
Total	\$2,223,709	\$2,167,500	\$4,391,209

It is apparent, from these figures, and well known as a fact, that these roads, with their miles of track, do not pay a dollar of taxes for the use of the streets. That their tracks are real estate for the purposes of taxation, is too clear to be disputed, and the question of compelling them to bear their share of taxes is attracting general attention. That this attention is not misdirected, a glance at their profits for a single year will conclusively prove. The official exhibit of these seven roads for the year ending September 30, 1877, is as follows:

BROADWAY AND SEVENTH AVENUE.

Cash receipts	\$990,556.41
Expenses for operating the road and for repairs and taxes	644,069.33
	\$346,487.08

It will be seen that this is over 8 per cent. on \$4,300,000. This is the way the money was disposed of:

Interest.....	\$119,000.00
Dividends.....	199,500.00
	<u>\$318,500.00</u>

Surplus..... \$28,987.08

This exhibit shows that, after paying all expenses, there was on hand for division \$346,487.08, and after dividing \$318,500 among the bond and stockholders, there still remained a surplus of \$28,987.08.

DRY DOCK AND EAST BROADWAY.

Cash receipts.....	\$696,822.03
Expenses of operating the road and for repairs and taxes.....	456,987.30
	<u>\$239,834.73</u>

This was a profit of over 8 per cent. on \$2,800,000. The money was disposed of as follows:

Floating debt paid.....	\$43,000.00
Interest.....	65,232.48
Dividends.....	84,000.00
	<u>\$191,232.48</u>

Surplus..... \$37,602.25

CHRISTOPHER AND TENTH STREET.

Cash receipts.....	\$95,109.39
Expenses of operating the road and for repairs and taxes.....	81,140.93
	<u>\$13,968.46</u>

This is over 8 per cent. on a capital of \$150,000.

CENTRAL PARK, NORTH AND EAST RIVER.

Cash receipts.....	\$773,519.05
Expenses of maintaining road, taxes, &c.....	489,359.82
	<u>\$284,159.23</u>

This is over 8 per cent. on \$3,500,000 and it was disposed of as follows:

Dividends.....	\$89,450.99
Stockholders.....	84,150.00
Sinking Fund.....	45,485.00
Loans paid.....	72,500.00
	<u>\$286,585.99</u>

In its liberality it will be observed that the company paid out over \$2,000 more than its income.

THIRD AVENUE.

Cash receipts.....	\$1,818,455.50
Expenses including \$25,081.76 law expenses.....	1,064,183.94
	<u>\$754,271.56</u>

This is over 8 per cent. on the enormous sum of \$9,400,000. It was used in paying dividends or adding to the surplus fund.

TWENTY-THIRD STREET.

Cash receipts.....	\$511,073.97
Expenses of maintaining road, law expenses, taxes and rent of other roads.....	283,503.93
	<u>\$227,570.04</u>

This is over 8 per cent. on \$2,800,000. The amount was disposed of as follows:

Interest.....	\$41,525.07
Dividends.....	48,000.00
Order Bleeker Street Company.....	50,000.00
Part due coupons.....	16,083.85
Detective service.....	813.80
	<u>\$156,427.72</u>

Surplus..... \$71,142.32

A SAMPLE OF RAILROAD ACCOUNTING.

The receipts and expenditures of the Bleeker Street Company are included in the exhibit of the Twenty-third street line. These figures were called to my attention by an old political associate of Mr. Thurlow Weed. As an indication of the profitable nature of horse car corporations they are not so significant as in the proof they afford of the splendid bribes the monopolies offer to men of power and influence to become their creatures. I understand that these facts are to be pressed upon the members of the next Legislature, and especially the underlying fact, that these monopolies owe their enormous incomes to the use they make of men of high personal and political character in bamboozling Legislatures, Courts, and tax commissioners. Thurlow Weed's street car companies ought to have paid into the treasury of the city and State during the last ten years not less than \$300,000 annually as a tax upon their real estate, (consisting of tracks), which has not been taxed at all. No principal of law is better settled, in this State, than that railroad tracks are real estate, for the purposes of taxation. The Court of Appeals has so decided. Judge Folger in delivering the opinion of the Court in 1871, used the following language:

EXTRACT FROM JUDGE FOLGER'S OPINION.

"By the statutes in relation to assessment and taxation (1 Revised Statutes, 360, Sections 1, 2) all lands * * * within this State, whether owned by individuals or by corporations, shall be liable to taxation * * *. The term 'land' * * * shall be construed to include the land itself and all the buildings, and all other articles erected upon or affixed to the same * * * and the terms 'real estate' and 'real property' shall be construed as having the same meaning as the term 'land' thus defined. By force of these provisions the track of the relators, consisting of stringers, ties and rails, affixed to the land, is, for the purpose of assessment and taxation, land, real estate, real property."

Mr Justice Earl, in delivering the opinion of the Court of Appeals in another case, (1877) refers to the opinion of Judge Folger. He says:

"There the track of a railway was placed in the street. All the right the railway had was the right to lay its track in the street, and maintain it there, and operate its road thereon. Its track, on the street, was assessed and taxed as real estate. The ground was there taken, as here, that it was not real estate, but it was held to be taxable as real estate."

This principle was even more explicitly stated in the analogous case, of Smith vs. Mayor, &c. of New York (23 Sickles, 552), in which Judge Earl delivered the opinion of the Court. It was there held, that under the definition of land, and real estate, as given in the provisions of the Revised Statutes relating to assessment, and taxation (2 Revised Statutes 387, Sections 1, 2), one person may be taxed as owner of the fee and another for the structures thereon or the minerals therein. A pier, constructed in the harbor of New York, upon lands belonging to the city under a grant from it of the right to construct, and maintain the pier, and to charge wharfage for its use, is "land" within the meaning of said statutory provisions and liable to be assessed to the owner and taxed as such. It is immaterial that the public have a right also to use the pier as a street.

CONCERNING ELEVATED RAILROADS.

This principle, I am assured by well known lawyers from many parts of the State, must govern the decision of Judge Barrett, in the impudent effort of Gobble & Co., of the New York Elevated Railroad, to escape taxation. There is always a great deal of interest felt at the State capital in anything the great Gobble may attempt, and his claim that the tracks and structure of his one-legged roads are not to be assessed as real estate has, more than anything else, directed attention to this whole subject. If these roads are not to be so assessed, like the street railroads which preceded them, they will escape taxation almost altogether, in spite of their immense profits. It is unnecessary as well as impossible to estimate the value of the two monopolies,—the Met-

ropolitan and New York Elevated railroads,—at this time, but some idea of their future importance may be gained from what is the estimated worth of the horse-car roads in the past. These are as follows, as evidenced by their dividends:

Broadway and Seventh Avenue	\$4,300,000
Dry Dock and East River	2,800,000
Christopher and Tenth Street	150,000
Central Park, North and East River	3,500,000
Third Avenue	9,500,000
Twenty-third	2,800,000
Total	\$23,050,000

The assessed value of all these roads, at present, is only \$4,141,209; so that, while the property of private owners is assessed almost to its full value (and in many instances far beyond it), here \$18,908,790 escapes the tax gatherer. But there is another point which must not escape attention, and that is that the companies, in their reports, have a peculiarly skillful way of concealing their assets. I examined the report of the Bleecker street Company, as contained in the State Engineer's Report on Railroads for 1877, and confess myself in very deep water as to the result. The Twenty-third street line, with its surplus of \$70,042.32, seems to be the little "Oliver Twist" of street railroads, and not content with swallowing up the Bleecker street road, which is only recognized in its reports with a "To order Bleecker street Company \$50,000," it may be waiting for more. The Third Avenue, not able to dispose of its immense surplus, paid out \$300,000 "to stockholders, under resolution of directors." As this was after an eleven per cent. dividend of \$200,000 this road is clearly the "Bill Sykes" of the street railways. Out of deference to Thurlow Weed, I did not print these figures in the preceding summary.

VANDERBILT'S CLAIM ANALYZED.

If all this comes to be understood at Albany this winter, and in addition, the honest men in the Legislature learn that these roads, managed by Thurlow Weed, are only the diminutive imitators of the New York Central, which earns (net) over seven per cent. per annum on its capital of \$143,000,000, and pays taxes on only \$22,000,000, we may expect a revolution in railroad legislation. When this is said the hired journalist, and political tramps will cry out, "You are mistaken; why, Mr. Vanderbilt pays taxes on his roads on a valuation of \$50,000,000." To this I answer—what you say may be true, but in this sum are included Harlem (dividing over seven per cent. on over \$23,000,000) and other leased roads worth together at least \$30,000,000. Therefore I insist that New York Central proper pays taxes on less than \$22,000,000. That this road earns over seven

per cent. per annum, after paying personal favorites, lobbyists, legislative agents, legal and other expenses, on \$143,000,000, I refer you to the State Engineer's report to the Legislature of 1877. This company has written a book, and is condemned out of its own mouth. The subject is one about which there is so much to be said that it is impossible to treat it in a single letter, but so many forces are moving for its discussion this winter, that for the first time in the history of railroads in this State, we may expect that all the phases of the question will be explained before the next adjournment.

Gentlemen representing New York's taxpayers and merchants have been here denouncing New York's Tax Commissioners. In alluding to the figures I have given they ask, why is it that the tracks of the city railways have not been taxed. Upon whose head is to fall the loss to the people of millions of dollars, because of a plain disregard of duty by sworn public officials? These tracks are assessed, and pay taxes in all other cities, and no brazen faced attorney has yet dared to question the legality of the act of assessment. Railroad tracks ought not to be assessed as so much "old iron." They should be valued as real estate and the income, and profits derived from their use, should confront public officials in getting at their real value.

So the Court of Appeals decided in the case of the People vs. Baker (48 N. Y.) In this case the railroad authorities valued their real property in the town of Hamburg at \$68,667. The assessors fixed its valuation at \$265,000. The assessors were sustained. Judge Hunt, now one of the Justices of the Supreme Court of the United States, in delivering the unanimous judgment of the Court of Appeals, upholding the rulings of the assessors, thus discourses:

"Nor do I see any error in the principle said to have been adopted in determining the value of the land in question. In Hamburg the land amounted to 82 78-000 acres. It was a narrow strip of a few rods in width with the buildings, stations, &c., necessary for the accommodation of a railroad. The argument of the railroad's counsel is that this should be assessed as an isolated piece of land, having in substance no beginning or end; that is, not connected with anything at either end beyond the limits of the town. A railroad through the town of Hamburg only, having no connections at either end, would be of no value. The erections and superstructure would destroy its value for farming purposes. As a railroad it would have no passengers and no business and would be worthless. The attempt to use it as such would involve debt, and embarrassment, but no profit. In like manner the portion of the Erie Canal passing through a single town, with no outlet at either end, would be valueless. A mill race disconnected from the mill would be of no value. The mill severed from its race would be of little value. A Block of stores walled off from all neighboring connections or deprived from the value resulting from adjoining business or commerce, would be of little value. Each item of property, however, with its connections and accompaniments, and used for the purpose and in the manner intended, might be of great value. *Each piece of prop-*

erty is to be estimated in connection with its position and the business, and profit to be derived therefrom. The road in question is a part of a whole and is to be valued as such. This is independent of the taxation of the capital. It is an estimate of the value of the real estate for railroad purposes, as a mill is to be estimated for its value for milling purposes, and not at its value for a church or banking house.

An able and honest Judge (Joseph F. Barnard) has just decided that the Commissioners of Highways in Dutchess County are personally liable for any loss or damage occasioned by neglect of duty. If this decision be sustained, the New York officials will have a poor chance of holding on their large fortunes. The whole matter will, as I am informed, be soon laid before the Attorney-General, by an association of taxpayers. Another branch of the subject will, I am also told, be soon presented to an intelligent Grand Jury sitting in the city of New York. So long as Mayor Ely is in power it would be idle to attempt to remove officials for simple violation of duty.

THE WESTERN UNION TELEGRAPH COMPANY.

It is also claimed that, the wires, and poles of telegraph lines, although taxable as "real estate," have never been taxed as such, nor at all. This is another of the many offences laid at the door of the New York Tax Commissioners. Here is a great corporation dividing about seven per cent. per annum on about \$47,000,000, paying taxes on about \$1,800,000! In this sum is included its capital of \$466,663! Important legislation may be looked for relative to the amounts charged for the transmission of telegraphic messages, and for the carrying of freight. One of the first bills introduced will provide that it shall not be lawful for any telegraph company to charge, or receive, more than was charged and received by the companies during the great contest between the Western Union and Atlantic and Pacific companies. The same law that controls railroad corporations, governs, it is claimed, all telegraph companies. In the volume of the Court of Appeals decisions just published Mr. Justice Earl thus declares the law: "Railroad corporations hold their property, and exercise their functions for the public benefit, and they are therefore subject to legislative control. The Legislature which has created them may regulate the mode in which they shall transact their business and the price they will charge for the transportation of freight and passengers. This last decision has given new heart to New York's merchants and also to the dealers in milk along the river counties. The corporations have punished the people during long years by oppressive and unjust laws. These corporations will now be made to feel the force of legislative power; and it should be so, for is it not written, "By what things a man sinneth, by the same also is he tormented."

LEGISLATIVE POWER IN THE PREMISES.

This whole question, relative to the power of Legislatures over corporations created by them, has been recently set at rest by the Supreme Court of the United States in the Granger Cases. The law was declared to be in accordance with Judge Earl's opinion. The Court went so far as to hold that whenever any person pursues a public calling, and sustains such relation to the public that the people must of necessity deal with him, and are under a moral duress to submit to his terms if he is unrestrained by law, then, in order to prevent extortion and an abuse of his position, the price he may charge for his services may be regulated by law. And to the same effect is the able work of Sectt & Jarnagan on Telegraph. Say the authors in—

"SECTION 123. There are duties which rest upon telegraph companies that are entirely independent of contracts with individuals. These duties they owe to the public, which are incumbent upon them, because of the public nature of their employment, undertaking as they do the discharge of a service, in the proper performance of which all persons may be alike interested."

Braze and desperate will be the Senator, or Assemblyman, who dares to vote this winter against the measures introduced in behalf of the people. This attorney business has run its course. It will be the great issue in next fall's campaign. Mark the prediction. No man who has been in any way connected with the great corporations will be elected to public office. Hearing the things that I hear, and seeing the things that I see, I often think of the words of Lord Macaulay:

"The day will come, when in the State of New York a multitude of people, none of whom has had more than half a breakfast, or expects to have more than half a dinner, will choose a Legislature. Is it possible to doubt what sort of Legislature will be chosen? On one side is a statesman preaching patience, respect for vested rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers, and asking why anybody should be permitted to drink champagne and to ride in a carriage while thousands of honest folks are in want of necessities? Which of the two candidates is likely to be preferred by a workingman, who hears his children cry for more bread? * * * There is nothing to stop you. Your constitution is all sail and no anchor."

Delegations from the labor party have made arrangements to take part in the Speakership fight. A bitter protest will be entered against the great corporations that have reduced the wages of the laborer to starvation prices, in order to pay enormous dividends on watered stocks. Have a care, legislators of 1879. Already—

"A chiel's amang ye takin' notes,
And, faith, he'll prent it."

ANGUS.

Since writing the foregoing, I have had occasion to examine the State Engineer's Report for the year ending September 30, 1868. I have just looked at the Broadway and Seventh Avenue Report, as written by its own officers. I find that it received for that year \$664,652.61, and paid out for wages, new cars, taxes, new rails, and expenses of all kinds, the sum of \$479,738.39, leaving as a balance for the bond and stockholders, the sum of \$184,914.22, or over seven per cent. on \$2,600,000. It would appear, from the report, that the shareholders received nothing. The said balance of \$184,914.22 was disposed as follows:

For interest.....	\$113,410.85	
Loans.....	78,556.30	191,967.15

To make these payments required \$7,052.93 more than the company had on hand.

I find the "cost of road and equipment" to be \$522,894.85, an increase of \$14,577.01 over the year before. Of this sum \$5,145 was for "dummy-cars, horses, mules and harness," and \$6,432.01 "for road-bed and superstructure, including iron." Of the money received by the company, \$643,227.21 of it was from passengers, and balance was for rent, (\$6,000,) manure, old iron, (\$15,154.65,) sundries, \$270.75.

Among the items of "expenses," I find \$9,494.40 for "repairs of road-bed, including iron and repairs of buildings"; \$21,700 for "repairs of cars, including new cars, and \$64,750 for "horses."

Its bonded debt was increased during the year \$100,000. What became of this sum does not appear. Perhaps it was divided "per resolution," of the Board of Directors. Evidently, the increase of "cost," &c., was paid out of the company's earnings.

You will observe the "cost of road and equipment"—\$522,894.85. Every time a new rail takes the place of an old one, the "cost price" of the real estate, to be deducted from the value of the stock, is increased for the purpose of lessening, or showing that the company has no taxable capital. Here is a road bonded for \$1,600,000, that cost only \$522,894.86. Who got the money? Who were the members of the *Credit Mobilier*? One of the effects of this dishonest bonding is, to diminish its taxable capital under the tax law.

The capital of the company appears to be \$2,100,000. The \$100,000 above mentioned would pay a dividend of about five per cent. Among the items of "expenses," I find this: "Taxes on real estate (to include all taxes, except for United States Revenue \$9,494.40." The tax rate for that year was about \$2.70, which would make \$350,000 the assessed value of the company's real estate. The company also paid taxes on a capital of \$142,587.

Real value.....	\$2,600,000
Assessed value.....	492,587
Leaving untaxed	\$2,107,413

THE THIRD AVENUE ROAD.

And there is the Third Avenue for the same year. After paying everything, it had on hand for division, a clear profit of \$504,532.30, or over seven per cent. on \$7,000,000. Among the items of expenditure I find this:

"Taxes on real estate (to include all taxes, except for United States Revenue,) \$9,751.20," which would represent a valuation of about \$370,000. It also paid taxes on a *capital* of \$315,989, making the total assessed value of the company's property \$685,989. In other words, the Tax Commissioners left untaxed \$6,314,011.

Thurlow Weed was not connected with the company in 1868. Clarkson N. Potter was one of its directors, and acted as its counsel.

AFTER TEN YEARS.

For the year ending September 30th, 1878, the Broadway and Seventh Avenue received from passengers \$922,627.88, and \$21,001.67 from the sale of horses, old iron, manure, &c., making a total of	\$943,629.55
It paid out for expenses of all kinds, including taxes, new cars, stable expenses, and \$12,358.37 "law expenses," the sum of.....	574, 599.54
Leaving a balance of.....	\$369,030.01

Or over eight per cent. on \$4,500,000.

The above balance was disposed of as follows:

Dividends.....	\$199,500
Interest.....	119,000
One Horse Cars	37,852
Balance	\$12,678.01

The one horse car item must be regarded as an extraordinary expenditure, but treating it as entirely regular, the bond and stockholders cleared over eight per cent. on \$4,134,000.

The "cost of the road and equipment" is put down at.. \$3,996,223.75
And the funded debt..... 1,500,000.00

THIRD AVENUE ROAD.

This company received for the same period the sum of..	\$1,710,681.79
And paid out for maintaining road, law expenses, (\$16,461.11,) repairs, taxes, new horses, cars, rents, and expenses of all kinds, the sum of.....	991,080.21
	\$719,601.58

This sum was disposed of as follows:

Interest	\$140,000
"For dividends on stock—amount and rate per cent.....	500,000
"Payment to stockholders, under resolution of directors".....	100,000
"Registered coupon bonds purchased".....	30,000

In other words, the bond and stockholders had a clean profit of \$719,601.48, or 8 per cent. on over..... \$8,850,000

As bad as the Third Avenue road is, in point of wickedness, it does not approach the New York and Harlem road.

"Not being the worst,
Stands in some rank of praise."

PROFITS OF THE CORPORATIONS.

How Vanderbilt's Railroad Cleared over Seven per cent. on \$154,000,000, and paid Taxes on a Capital of only \$250,000!

OLD SALT'S COHORTS.

They make a Balaklava Charge upon the People.

TAX COMMISSIONERS VIOLATING THEIR OATHS.

ALBANY, January 6.—The contest for the Speakership is being urged with a fierceness, and a ferocity never before witnessed. THE GRAPHIC's terrible fire has driven Husted from the field. The "Bald Eagle" dies hard, and as he walks through the Delevan's marble halls he mutters to himself something about it being better to serve in Hell than reign in Heaven. The merchants, and taxpayers of New York are rallying to the support of Sloan, with the cry of "no monopoly," "no more corporation rule." The chances, however, now seem to be in favor of Alvord. The railroads, steam, horse and elevated; the telegraph companies, the express, cattle yard and palace car monopolies, the insurance, and trust companies, are to be found around the standard of Mrs. Lot's brother—"Old Salt." "Old Salt" is confident. He finds corporations to the right of him, corporations to the left of him, corporations on all sides of him, prepared to make one last Balaklava charge. The great railroad attorney, Chauncey Depew, is on the field, bringing to bear all his great abilities, and eloquence in order to persuade members to abandon the cause of the people, and to join their fortunes to those of his master, King William the First. If there is any one man who can make the worse appear the better reason, who can obscure all show of evil, by seasoning with a gracious voice the most corrupt and tainted of pleas, that man is Chauncey Depew. His favorite speech, with members, seems to be that of Iago, "Put money in thy purse;" but never is he heard to say, "What doth it profit a man if he gain the whole world and lose his own soul." Probably before this is printed the people's battle against the corporations will have been lost or won. We shall know whether the words of the dying Wolsey come true:

"Corruption wins not more than honesty."

Saturday's GRAPHIC is being circulated among the members. Its

startling facts, showing how the horse railways (which procured their charters here for nothing) escape taxation, are the subject of general discussion. In order that your readers may understand how the law stands on the subject of taxing corporations, I shall quote from the case of the People *ex rel.* Broadway and Seventh Avenue Railroad *vs.* the Commissioners of Taxes (1 N. Y. S. C. R., 635), where the Supreme Court decided:

"The Commissioners of Taxes, &c., in making an assessment on the capital stock of a street railroad company, valued such stock at its actual value, deducted therefrom the cost price of the real estate of the company, and returned the balance as the sum in which the company should be assessed, refusing to deduct the amount of indebtedness of the company from such valuation.

Held, that the rule of assessment adopted was correct. In ascertaining the value of the capital stock, the Commissioners could not disregard the indebtedness of the company, which must enter into the estimate; but of the stock was valued, the amount of indebtedness could not be deducted from the valuation."

The horse railways appealed from this decision to the Court of Appeals, but its seven Judges declared the law to be as above laid down. Mr. Perrin, the able and good natured clerk of the court, has permitted me to examine the record. Here are the facts. The capital of this company consisted 21,000 shares of \$100 each, representing \$2,100,000. At the time of assessment, the shares were selling for \$60 each. The "cost" of the company's real estate was admitted to be \$667,524.29. The Commissioners determined the actual value of the stock to be the sum of \$1,260,000. They deducted from this last named sum the "cost" of the company's real estate, as above stated, and determined the residue to be the proper amount of the company's assessable capital. This corporation impudently insisted that it should be allowed to deduct, from the actual value of the stock, as above found, its bonded debt (\$1,704,000), which would place it in the pleasant position of having no taxable capital. The counsel for the Tax Commissioners ridiculed this plea, maintaining that "*the theory of the relators (the railroad companies) concerning their rights, constitute a simple, certain, and easy procedure for corporate bodies to escape all taxation, except on their real estate.*" Mr. Justice Ingraham delivered a very able opinion. He says: "*If they (the Commissioners) take into consideration the indebtedness of the corporation as diminishing such value, then the estimate of the Commissioners would be conclusive, and with it we should not interfere.*" After referring to the claim of the company, that after a valuation is made in accordance with this rule, there should also be deducted from such valuation the total amount of the indebtedness of the company, the Judge goes on to observe: "*Such was not the intent of the statute. To carry out that principle would give the relators a double deduction for their indebtedness, first, by considering it as diminish-*

ing the value of its capital stock, and then by deducting it from the valuation, in making which an allowance had been made to the extent which such indebtedness diminished it. There is nothing in the statute calling for such a deduction after the value has been ascertained, as before stated."

THE APPLICATION OF THE LAW.

Let us now apply the rulings of the learned Judge to the Central and Hudson River road. Its capital is divided into 89,428,300 shares of \$100 each; the shares sold last week in Wall street at \$114 a share. Therefore the market value of the capital stock is \$101,948,262. Here is an abstract of the company's report as it appears in the State Engineer's report to the Legislature of 1878.

COST OF ROAD AND EQUIPMENT.

For grading and masonry.....	\$19,501,106.83
For bridges.....	2,528,026.21
Superstructure, including iron and steel.....	29,119,425.68
Passenger and freight stations, buildings and fixtures.....	11,926,328.49
Engine and car houses, machine shops, machinery and fixtures.....	
Land, land damages and fences.....	11,968,899.30
Locomotives and fixtures and snow ploughs.....	5,988,903.50
Passenger and baggage cars.....	1,764,143.82
Freight and other cars.....	10,115,901.93
Engineering and agencies.....	2,999,473.27
Horses.....	16,985.00
Harness and stable equipage.....	4,293.10
Rochester and Lake Ontario Railroad.....	150,000.00
Buffalo and Niagara Falls Railroad.....	658,921.56
Lewiston Railroad.....	400,000.00
Saratoga and Hudson River Railroad.....	2,000,000.00
Total cost of road and equipment.....	\$97,822,800.05

TAXABLE VALUE OF NEW YORK CENTRAL'S CAPITAL.

Now, from the above sum of \$101,948,262, let us deduct the cost of the company's real estate, \$78,252,708.08, and we have Central's taxable capital, \$23,695,553.92. In making this estimate the company has been greatly favored. The machinery mentioned in item five and the four railroads are rated as "real estate." With this startling result staring us in the face, we find that this company, which earned net for the year ending September 30, 1878, over seven per cent. on \$154,000,000, pays taxes on its capital in this city but on \$250,000 only! And this it has done for only a few years. The payment of about \$8,000 to the tax-gatherer here, enables the Vanderbilts

to obtain, year after year, a decision from your Tax Commissioners exempting tens of millions of dollars from taxation. The Albanians do not complain, knowing, as they do, that the company is legally taxable on its capital in New York. And so all the world knows, save only your sworn taxing officers. The company itself, in its report, to which I have alluded, admits that it has its principal office or place of business in New York. It says: "Communications intended for this company should be addressed 'The New York Central and Hudson River Railroad, Grand Central Depot, New York.'" In a pamphlet on "Corporations and Taxations," which is being circulated among the members, I find this:

"The people of the State and City of New York should insist that this consolidated road, the New York Central and Hudson River Railroad Company, should pay its taxes in the City of New York, which in fact, is its principal place of business, its chief terminus, the residence of its president, from whom emanates the government of the road and the situs of its chief depots, both passenger and freight. The idea that the city of Albany is the chief place of business of the consolidated roads from New York City to Buffalo is a mere fiction, repugnant to sense as it is to fact. * * *

What candid person will dare to question the correctness of the figures I have given? I have demonstrated that the Vanderbilt roads have robbed the people of millions of dollars. Bills will be introduced this winter to levy taxes on these roads, to make good the loss which the people have sustained. The power of the Legislature to force these great corporations, to do justice to a plundered people, by exercising its taxing functions, is clear. So Chief Justice Marshall held in the great case of *McCulloch vs. the State of Maryland*; and so Judge Charles A. Rappallo (Vanderbilt's counsel) has held. He says: "The people have been content to leave to the wisdom and justice of the Legislature, unrestrained by specific regulations, the subject of determining how the public burdens shall be apportioned among them." And the Court of Appeals held, in the case of *Guilford vs. Chenango County*: "The Constitution will be searched in vain for any clause which contains any restriction or limitation on the taxing power of the Legislature."

Angus.

ATTENTION TAX COMMISSIONERS!

Reasons why New York Central Should Pay its Taxes in New York City.

WHAT THE CITY SHOULD RECEIVE.

LET THE TAX COMMISSIONERS DO THEIR DUTY BY OBSERVING THE DECREES OF THE COURTS.

ALBANY, January 15.—The GRAPHIC's articles, showing up the sins of the great corporations, are attracting general attention. The statement in your issue of this evening, that your Tax Commissioners have at last resolved to regard their oaths, by assessing as "real estate" the tracks of your city railways, is looked upon with feelings of doubt. I am no believer either in the integrity or capacity of your taxing officers. Has not THE GRAPHIC demonstrated that these railways cleared over eight per cent. on \$31,900,000 for the year ending September 30, 1877? And has it not proved that they paid taxes, in 1878, on a valuation of only \$7,254,395, this valuation being made in the fall of 1877, or January, 1878, with their sworn statements staring your sworn officials in the face? You will find that these tracks will be valued at about \$5,000,000, and you may also find quite a considerable reduction in the personalty of these companies—depreciation, in consequence of the rapid transit roads being already hinted at as a reason for such reduction. Remember the maxim—"Fear the Greeks bearing gifts."

TAXES THAT SHOULD BE PAID IN NEW YORK CITY.

In a former letter I demonstrated that the New York Central and Hudson River Railroad's taxable capital was at least \$23,695,553. Has any one attempted to controvert my statements of fact or the law applicable thereto? No one has done so, and no one will attempt it. My law is to be found in 1 *New York Supreme Court Reports*, p. 635. My facts are in the sworn statements of this company, which are embodied in the report of the State Engineer and Surveyor to the Legislature of 1878.

I now assert that taxes on this sum of \$23,695,553 should be paid in the city and county of New York, and not elsewhere. The company, in the report which I have alluded to, in so many

words declares itself to be a resident of New York City and County. It says: "Communications intended for this company should be addressed, 'The New York Central and Hudson River Railroad, Grand Central Depot, New York.'"

It is high time that the law, on the subject of taxing the capital stock of corporations, should be made clear to every citizen. Corporations are taxable on their capitals "in the town or ward in which the principal office or place of transacting the financial business of such company is situated." (1 *Revised Statutes*, 6 Ed., p. 980, Sec. 3.) New York is the chief terminus of this road; its President, from whom emanates the government of the road, resides in New York, and New York is the *situs* of its chief depots, both passenger and freight.

GO AND SEE FOR YOURSELF.

Go to the Grand Central Depot and there you will find "the principal office or place of transacting the financial business" of this company. In that building you find the offices of its President, Vice-President and Treasurer, its Secretary, Superintendent, attorney, counsel and directors. In that building the directors hold their annual meetings, and all their meetings. Dividends are declared there and are paid either there or at the Union Trust company of New York, of which company Augustus Schell and William H. Vanderbilt are directors. Bonds are signed there, and these provisions are made for their payment. The coupons on these bonds are paid there. All its revenues flow there. There passes are issued to Governors, Lieutenant-Governors, Judges, Senators, Assemblymen, lobbyists, jobbing editors, and to the men who can place money "where it will do the most good." Why, if your correspondent, "Alf" wrote truly, it was there that Speaker Husted fixed upon the names of the legislators to fill the Railroad Committee in the Assembly of 1878—Mr. Prescott, of Oneida, an attorney of the road, being named as chairman—no doubt with the approval of Director and Senator Robertson, who placed Senator Wagner (of Wagner's cars) at the head of the Senate Railroad Committee.

Why don't Mayor Cooper pay a visit to the Grand Central Depot? There he will find over the door at the entrance, fronting on 43d street, "The New York Central and Hudson River Railroad Company."

"OFFICES."

Let him proceed up stairs and there he will find the offices in question—here is the list:

- | No. | Office. |
|-----|---|
| 1. | { President. |
| | { Second Vice-President. |
| | { General Auditor. |
| 3. | General Freight Agent. |
| 4. | Assistant General Freight Agent. |
| 5. | Freight Department. |
| 6. | Freight Department. |
| 8. | Attorney, C. T. Titus. |
| 9. | Department of Law, Real Estate, Claims and Taxes. |
| 10. | General Counsel. |
| 11. | Attorney F. Loomis. |
| 12. | { General Superintendent. |
| | { Superintendent Harlem Division. |
| 13. | Drawing Room and Sleeping Car Company. |
| 14. | Paymaster. |
| 15. | J. B. Dutcher. |
| 16. | Conductors' Drawing Room and Sleeping cars. |
| 17. | Purchasing Agent's Department. |
| 18. | Purchasing Agent. |
| 19. | Superintendent Car Department. |
| 20. | Civil Engineers. |
| 23. | Auditor Freight Accounts. |
| 29. | |
| 30. | { Auditor Freight Accounts Department. |
| 31. | |
| 32. | |
| 33. | { Auditor Passenger Accounts Department. |
| 34. | |
| 35. | |
| 36. | Auditor Passenger Accounts. |
| 37. | |
| 38. | { Ticket Supply Rooms. |
| 39. | |
| 40. | Auditor Disbursements Department. |
| 41. | Auditor Disbursements. |
| 42. | |
| 43. | { Auditor Disbursements Department. |
| 44. | |

After taking a look at the above, let him go to the southern end of this depot, and there he will find the following "offices:"

- | No. | |
|-----|-----------------------|
| 1. | President. |
| 2. | First Vice-President. |
| 3. | |
| 4. | { Treasurer. |
| 5. | |

No.

- | | |
|----|--------------|
| 6. | { Transfers. |
| | { Dividends. |
| | { Interest. |

Upstairs.

45. Canada Southern Railway Company.
 46. Michigan Central Railroad Company.
 47. Lake Shore and Michigan Southern Railway Company.
 —E. D. Worcester.

WHAT NEW YORK CITY SHOULD RECEIVE.

If your Tax Commissioners do their duty, New York City's Treasury will receive next fall the snug sum of \$716,084. Let the company pay this sum and it will be paying taxes altogether on about \$43,000,000. The Vanderbilt roads paid taxes last year on a sum not exceeding \$52,000,000. Deduct from this sum the value of Harlem (\$23,000,000) and Central's other leased roads (\$7,000,000) and we have \$22,000,000 as the assessed value of Central—a road which cleared over seven per cent. on \$154,000,000 for the year ending September 30, 1878. It is all right for this company to tax commerce to pay eight per cent. per annum for all time on \$40,000,000 of water; but it is all wrong to ask the Vanderbilts to bear their share of the public burdens! It is all right for the city of New York to pay out seven per cent. per annum on the \$4,000,000 bonds issued for the Fourth avenue improvement, and Vanderbilt, no doubt, thinks it all right that the New Haven road should pay the Harlem road \$260,620.24 a year for the privilege of running a few trains a day over this holy ground. But it is due to Vanderbilt that he should have credit for giving to your Tax Receiver about \$5,200, being the annual tax imposed on the great \$8,000,000 Fourth avenue improvement, which payment accounts for his being destitute of personal property—only the giver was more blessed than the receiver. As an eminent statesman said: "I will see you later."

ARGUS.

P. S.—Do not imagine that I have forgotten Western Union, which clears over seven per cent. on \$47,000,000, and pays taxes on a capital of \$466,663! Is the power to remove dishonest officials vested in Mayor Cooper?

P. S.—I find that the New York Central and Hudson River Railroad Company pays taxes on its capital here—\$250,000 is the sum.

I am informed that seven miles of this company's track on Fourth avenue, New York, are valued by your assessors at \$200,000!

In Macedon (Wayne County), with a population of 2,708, 6.5-7 miles of track are valued at \$492,750! See Judge Hunt's opinion.

TAXATION OF CORPORATIONS.

WESTERN UNION'S HONEST TAXABLE CAPITAL \$26,308,966.

BUT ACCOMMODATING TAX COMMISSIONERS FIX IT AT LESS THAN \$500,000.

JOHN WHEELER & CO. DOING THAT WHICH DICK TURPIN AND SIXTEEN
STRING JACK WOULD HAVE BEEN ASHAMED TO DO.

LET THE MAMMOTH MONOPOLIES BEAR THEIR SHARE OF PUBLIC BURDENS

ALBANY, February 6, 1879.—Your cartoons and able editorials showing how rich corporations have evaded the payment of their fair share of the public burdens, have aroused the people, from one end of the State to the other. Mr. Wadsworth's resolution directing an inquiry into the GRAPHIC's charges went through the House by an almost unanimous vote. The time immemorial "I object!" was not heard, but must have stuck in the throats of the "retained," like the "Amen" of the bloody *Macbeth*. Wadsworth is thoroughly in earnest, and Sloan will not fail in doing his duty. A similar resolution has been adopted by the Senate on motion of Senator Sessions. Strahan, of your city is outspoken and boldly denounces the crimes of the corporations against the people. Chauncey Depew's mellifluous voice has lost its charm, and the king of the lobby has sent word to William I. that great "Irram's wood is approaching high Dunsinane." The truth is that Johnny Morgan no longer plays the Legislative organ. To borrow the language of the great Mirabeau: "You have unloosed the bull," Mr. Vanderbilt, "and you must not be surprised if he makes use of his horns."

A GOOD SUGGESTION APPROVED.

THE GRAPHIC's recent article recommending the enactment of a statute which will bring within the reach of the tax gatherer the property of railroads, telegraph, express and transportation companies seems to meet with the approval of all honest members. If the statute you propose becomes a law of the State, the great monopolies will be forced

to defray their fair proportion of the public burdens, and the ring of railroad attorneys and politicians, which has been so long occupied in corrupting local assessors, will have received its death blow. Think of the New York Central and Hudson River Railroad, which should pay taxes on a capital of over \$23,000,000, escaping the grasp of the tax gatherer through long years. Such things cannot happen without somebody being guilty of perjury.

This company has managed to withhold from the tax gatherer millions of dollars within the last twelve years. The power to right the people is vested in the Legislature. These millions can be recovered by the enactment of a statute levying on the capital a tax of say \$8,000,000 on this corporation, and the Legislature can direct an equitable distribution of this sum among all the counties, and require that the money so distributed be employed in beautifying the cities, villages and towns in the State, thus giving employment to thousands of men who are now starving. Will any honest man pretend to say that such a law would be unjust? Surely not. I cited numerous authorities in a former letter to prove that the power of the Legislature to raise money by taxation is without limit. As Chief Justice Marshall observed: "However absolute the right of an individual may be it is still in the nature of that right that he must bear a portion of the public burdens, and that portion must be determined by the Legislature." Under this taxing power New York was condemned to pay about \$4,000,000, to improve the Vanderbilt railroad on Fourth Avenue. It is by virtue of this taxing power that New York is now condemned to pay millions of dollars to build the East River Bridge. All Mr. Kelly's fighting will avail nothing. He will be forced to hand over the city's money at the end of the litigation. If this \$8,000,000 statute passes, New York will be entitled to receive over \$4,000,000—just enough to pay the Fourth Avenue Improvement bonds, without interest.

WESTERN UNION'S ACTUAL VALUE.

Your statement that the Western Union Telegraph Company, which earns over seven per cent. on \$47,000,000, pays taxes on a capital of about \$500,000, seems to surprise everybody. In a former letter, showing up the robberies of the Central, I discussed the rules of law governing the question of taxable capital, and cited numerous authorities, showing that, as against corporations, the rule of taxation is just when based upon the amount of capital paid in, or secured to be paid in, after deducting therefrom the amount of such capital actually paid out for real estate, assessing the remaining capital at its *actual value*, and leaving the real estate to be assessed like that of individuals in the town or ward where it is situated. Let us apply these simple rules to

the Western Union Company. It has a capital of \$41,073,410, which at 100 (the quotation to-day) is worth \$41,673,410. Deduct from this amount the sum expended by the company for real estate and the balance is its "taxable capital." What is this real estate? There is the Dey street building which cost \$2,295,639.52 and "real estate other than new building, \$339,971.34." (See company's annual report made October 10, 1877). The only remaining real estate consisted of wires and poles. You will remember that anything "annexed" to or "affixed" to land, is, by statute declared to be taxable as real estate.

In order to get at the amount "actually paid out" for this real estate, I shall be guided by the report of the company. At page 6 it declares that "at the close of the year ended June 30, 1877, there were in operation 76,955 miles of line, 164,323 miles of wire. At page 9 it shows that it had in operation prior to June 30, 1866, 37,380 miles of line and 75,686 miles of wire. At page 10 it shows an increase in its lines and wires between June 30, 1866, and June 30, 1877, of 39,575 miles of line and 118,637 miles of wire. At page 5 it shows the company's "net profits for eleven years from July 1, 1866, to June 30, 1877, to have been \$32,873,693.67. On the same page it shows that it paid out during this period for the construction of new lines, erection of additional wires, &c., \$6,128,887.89. Here we have the company's declaration as to the cost of 39,475 miles of line and 118,637 miles of wire, leaving the cost of 37,380 miles of line and 75,686 miles of wire to be accounted for. Let us allow \$5,000,000 for this last property and \$1,000,000 for any real estate the company may have since acquired. Thus it will appear that the whole sum paid out for real estate by the company does not far exceed \$14,764,444.75. Deduct this sum from the above sum of \$41,673,410 and we have as Western Union's taxable capital in the city of New York, the sum of \$26,308,966. Under our laws the company has the right to deduct the value of all shares of other corporations actually owned by the company, and which are taxable under the laws of this State. It is claimed that the company actually owns such shares, and that their actual value is about \$1,000,000.

MORE DARING THAN DICK TURPIN.

In face of the law and facts as above put forth, John Wheeler & Co. have done that which Dick Turpin and Sixteen String Jack would not have dared to do. To wit: They have adjudged the taxable capital of this corporation to be about \$466,564! And let it be remembered that the wires and poles of this line are "real estate" under the provisions of the tax laws, but they have never been taxed as such, nor at all.

In view of the great interest THE GRAPHIC has manifested to make clear to all citizens the true condition of the law as it relates to taxing corporations, I have taken the liberty to quote the following from a Court of Appeals case (39 N. Y. Reports, 80):

Mason, J.—That the assessors in this case have disregarded the mandate of the Statute requiring them to put the price paid by the corporation for its real estate upon the assessment roll, is apparent from the return itself. That they have, by this error, put it out of the power of the Supervisors to assess a proper tax upon the capital of the relators is, to my mind, equally clear. The Revised Statutes, as amended by the acts of July 21, 1853 and April 15, 1857, prescribe a complete scheme for taxing corporations. The second section (1 R. S. 414) requires the president, cashier, secretary or other proper officer of such incorporated company, on or before the first of July in each year, to make and deliver to the assessors, or one of them of the town or ward in which such company is liable to be taxed, a written statement specifying: 1. The real estate, if any, owned by the company, the towns or wards in which the same is situated and the sums actually paid therefor. 2. The capital stock actually paid in and secured to be paid in, excepting therefrom the sums paid for real estate and the amounts of such capital stock held by the State and by any incorporated literary or charitable institution; and 3. The town or ward in which the principle office or place of transacting the financial business of such company is situated, or if there be no such principal office, the town or ward in which its operations are carried on or in which it is liable to be taxed (1 R. S. 414). By the sixth section of the said statutes, as amended by Chapter 654 of the Laws 1853, the assessors are required to insert in the first column of their assessment rolls the name of every incorporated company in their respective towns or wards liable to taxation on its capital or otherwise; and under its name they shall specify the amount of its capital stock paid in and secured to be paid in, the amount paid by such company for real estate then belonging to such company, wherever the same may be situated; the amount of all surplus profits or reserved funds exceeding ten per cent. of their capital after deducting therefrom the said real estate and the amount of its stock, if any, belonging to the State and to incorporated literary and charitable institutions; and in the second column they are required to enter the quantity of real estate owned by such company and situated within their town or ward, and in the third column the actual value thereof, estimated as in other cases (1 R. S. 416); and in the fourth column they are required to enter the amount of capital stock of every incorporated company paid in and secured to be paid in, and all surplus profits and reserved funds, as aforesaid, after deducting the sums paid out for all real estate of such company wherever the same may be situated and then belonging to it, and the amount of stock, if any, belonging to the people of this State, and to incorporated literary and charitable institutions. (Laws 1853, ch. 654; 1 R. S. 416; 6, sub. 3, amended by ch. 654, of the Laws of 1853.)

These provisions of the statute are all of them mandatory.

The duty is imposed upon the officers of the corporation to make an annual statement in each year, on or before the first day of July, of the real estate owned by the company, the price paid for it and where situated. This statement must be sworn to by one of the officers of the corporation named in the statute, and forms the basis of the value of its real estate for all purposes of assessing the capital stock of the company.

The officers of the Western Union Company have the frankness to admit that their corporation has its residence in New York. Evidently they do not wish to have their wills contested, or their estates pass through the sieve of a New York Surrogate's Collector. Judge John F. Porter, their astute counsel, has no doubt called their attention to the language of his old friend, Commissioner John H. Reynolds—who was one of the noblest of men—in delivering the opinion of the Court of Appeals in *Dörn vs. Backer*: "Ordinarily, a man in his right mind is supposed to know where he resides." This case I understand is to be sprung on old Clinton. When it came to paying taxes on its capital, the old Commodore never did seem to know where the principal office of transacting New York Central's financial business was situated.

ARGUS.

HOW TO TAX CORPORATIONS.

THE RULING OF THE UNITED STATES SUPREME COURT.

HOW RAILROADS MAY BE MADE TO BEAR THEIR SHARE OF PUBLIC BURDENS.

ALL OF THE JUDGES DECLARING THE ILLINOIS STATUTE THE WISEST
LAW ENACTED.

FIGURES SHOWING HOW THE RAILROADS ROB THE PEOPLE.

ALBANY, February 16.—The great question in the public mind is, what is the best method to reach the corporations, and to compel them to bear their just share of the public burdens. The subject has recently undergone a thorough discussion in the Supreme Court of the United States, in the State railroad tax cases. As your purpose is, and has been, to educate the people as to their constitutional rights. I will give the reporters head notes, with some extracts from the opinion of Mr. Justice Miller, which was concurred in by all the Judges (92 U. S. Reports, 575).

HEAD NOTES OF REPORTER.

1. While the Constitution of Illinois requires taxation in general to be uniform and equal, it declares, in express terms, that a large class of persons engaged in special pursuits, among whom are persons or corporations owning franchises and privileges, shall be taxed as the Legislature shall determine by a general law, uniform as to the class upon which it operates; and under this provision a statute is not unconstitutional which prescribes a different rate of taxation for railroads from that of individuals.
2. Nor does it violate any provision of the Constitution of the United States.
3. The capital stock, franchises and all the real and personal property of corporations are justly liable to taxation; and a rule which ascertains the value of all of this by ascertaining the cash value of the funded debt and of the shares of the capital stock as the basis of assessment, is probably as fair as any other.
4. Deducting from this the assessed value of all the tangible real and personal property, which is also taxed, leaves the real value of the capital

stock and franchise subject to taxation as justly as any other mode, all modes being more less imperfect.

5. It is neither in conflict with the Constitution of Illinois nor inequitable, that the entire taxable capital of the railroad company should be ascertained by the State Board of Equalization, and that the State, county and city taxes should be collected within each municipality on this assessment in the proportion which the length of the road bears to the whole length of the road within the State.

EXTRACTS FROM OPINION OF JUDGE SAMUEL F. MILLER.

The Act of the Legislature of Illinois of March 30, 1872, under which the taxes complained of were assessed, makes special provisions for the taxation of railroads and other corporations, the main feature of which is the purpose of leaving to each county, city and town, the power of assessing for taxation what is property local in the same manner that other similar property is taxed in that municipality, and at the same time to subject to like taxation on some fair basis that which is not in its nature so clearly local, but which, by reason of its being appurtenant or incident to the railroad, should pay its share to the State, and to all the counties, towns and cities through which any part of the road runs. The theory of the system is manifestly to treat the railroad track, its rolling stock, its franchise and its capital as a unit of taxation, and to distribute the assessed value of this unit according as the length of the road in each county, city and town, bears to the whole length of the road.

That the franchise, capital stock, business and profits of all corporations are liable to taxation in the place where they do business, and by the State which creates them, admits of no dispute at this day. "Nothing can be more certain in legal decisions," says this Court in *Society for Savings vs. Coite*, 6 Wall., 607, "than that the privileges and franchises of a private corporation, and all trades and avocations by which the citizens acquire a livelihood, may be taxed by a State for the support of a State Government." (*State Freight Tax Case*, 15 Wall., 232; *State Tax on Gross Receipts*, 5 Wall., 284.) But it has been a desideratum, perhaps not yet fully attained, to find a method of taxing this species of property which will be at the same time just to the owners of it, equal and fair to its relations to taxes on other property and which will enforce the just contribution that such property should pay for the benefits which, more than property generally, it receives at the hands of the Government.

The statute of Illinois and the rule adopted by the Board of Equalization, under the power conferred by the clause we have just recited, may not be the wisest mode of doing complete justice in this difficult matter; but we confess we have, on the whole, seen no scheme which is better adapted to effect the purpose, so far as railroad corporations are concerned, of taxing at

once all their property and of making the tax just and equal in its relation to other taxable property of the State. The rule adopted by the board is as follows:

First—The market or fair cash value of the shares of capital stock and the market or fair cash value of the debt (excluding from such debt the indebtedness for current expenses) shall be combined or added together; and the aggregate amount so ascertained shall be taken and held to be the fair cash value of the capital stock, including the franchise respectively of such companies and associations.

Second—From the aggregate amount ascertained as aforesaid there shall be deducted the aggregate amount of the equalized or assessed valuation of all the tangible property, respectively of such companies and associations (such equalized or assessed valuation being taken in each case as the same may be determined by the equalization or assessment of property by this board), and the amount remaining in each case, if any, shall be taken and held to be the amount and fair cash value of the capital stock including the franchise, which this board is required by law to assess respectively against companies and associations now or hereafter created under the laws of this State.

"It may be assumed for all practical purposes, and it is perhaps absolutely true, that every railroad company in Illinois has a bonded indebtedness secured by one or more mortgages. The parties who deal in such bonds are generally keen and far-sighted men, and most careful in their investments. Hence the value which these securities hold in market is one of the truest criteria, as far as it goes, of the value of the road as a security for the payment of those bonds.

"These mortgages are, however, liens on the road, and taking precedence of the shares of the stockholder, may or may not extinguish the value of his shares. They must, in any event, affect that value to the exact amount of the aggregate debts. For all that goes to pay that debt and its interest diminishes pro tanto the dividend of the shareholder and the value of his share."

It is therefore obvious, that when you have ascertained the current cash value of the whole funded debt, and the current cash value of the entire number of shares, you have, by the action of those who, above all others, can best estimate it, ascertained the true value of the road, all its property, its capital stock and its franchises; for these are all represented by the value of its bonded debt, and of the shares of its capital stock.

"But individuals do not escape taxation on their real and personal property because they are insolvent. In several of the States many men in effect pay tax on their lots or lands, and on the mortgage which covers it and exceeds it in value, and on a large amount of personal property, while the

mortgage exceeds in amount all that they are worth in the world. No State has ventured to establish the principle of permitting its visible, tangible property to escape taxation, relying solely on a tax imposed on the individual on the basis of his estimated wealth in excess of his debts."

* * * * *

"But as we have already said, a railroad must be regarded for many, indeed, for most purposes, as a unit. The track of the road is but one track from one end of it to the other, and, except in its use as one track, is of little value. In this track as a whole, each county through which it passes has an interest much more important than it has in the limited part of it lying within its boundary. Destroy, by any means, a few miles of this track within an interior county, so as to cut off the connection between the two parts thus separated, and if it could not be repaired or replaced its effect upon the value of the remainder of the road is cut off all proportion to the mere local value of the part of it destroyed. A similar effect on the value of the interior of the road would follow the destruction of that end of the road lying in Chicago, or some other place where its largest traffic centres. It may well be doubted whether any better mode of determining the value of that portion of the track within any one county has been devised, than to ascertain the value of the whole road, and apportion the value within the county by its relative length to the whole."

* * * * *

"It is a profitable thing for corporations or individuals, whose taxes are very large to obtain a preliminary injunction as to all their taxes, contest the case through several years' litigation, and when in the end it is found that but a small part of the tax should be permanently enjoined, submit to pay the balance. This is not equity. It is in direct violation of the first principles of equity jurisdiction."

JUDGE RAPPALLO CONCERNING LEGISLATIVE POWER.

Adopting the reasoning of Mr. Justice Miller, the property of the New York Central and Hudson River Railroad is worth to-day in Wall street about \$150,423,705, although it had on hand for division between the bondholders and stockholders for the year ending September 30, 1878, over seven per cent. on \$154,000,000, after paying heavy "retainers," all its own taxes and assessments, and all the taxes and assessments of Harlem and its other leased roads.

In our Constitution there is no restriction like that to be found in the Constitution of Illinois. To use the language of Judge Charles A. Rappallo, "The people have been content to leave to the wisdom and justice of the Legislature, unrestrained by specific regulations, the subject of determining how the public burdens shall be apportioned among them."

WHAT THE PEOPLE WANT.

What the people want this winter is a simple bill to reach railroad and telegraph property. This done, over three hundred millions of property which now escapes taxation, will be made to contribute its share towards the public burdens. Next winter will be time enough to look after the insurance, gas, express, banking, ferry and other corporations. A bill can be modeled on the Illinois statute, which will bring every dollar of railroad and telegraph property within the tax-gatherer's reach. Let a commission, consisting of the Governor, Comptroller and Speaker of the Assembly fix the value of all railroad and telegraph property within the State. And let the value so fixed be the basis of taxation.

THE SPEAKER OF THE ASSEMBLY.

I have made the suggestion, that the Speaker of the Assembly be one of the board, for the following reasons: The presence of the Speaker of the Assembly, who holds office only for one year, will insure frequent changes, and thus prevent the possibility of his establishing himself with the corporations. This being the case, he will, of necessity, have to make the people's cause his cause, and will be more likely to fulfil their wishes, in hope of future preferment. He will be beholden, for his office, to the representatives of the people, and they, also, consulting their political interests, would only vote for such a man as would be satisfactory to their constituencies. Then, again, this office would enter as one of the elements in every contest for the Speakership, and the subject of taxing corporations would be forever fresh in the public mind.

To give you an idea of how the railroads have escaped taxation. In 1875 all the railroad property in the State was assessed for the purposes of taxation at about \$50,000,000. (*See Report of State Assessors.*) In 1877 the amount was increased to \$96,000,000—being less than the cost of New York Central alone. In 1875 the Central alone had for division between its bond and stockholders \$11,648,968.90, (see State Engineer's Report.) For the year ending September 30, 1873, Harlem's taxes amounted to \$75,879.07. In 1872, \$87,510.82. In 1870, \$67,142.80. (*See State Engineer's Report.*) In these years it owned the Grand Central Depot, Gilmore's Garden, depot adjoining Tombs, block (Madison and Vanderbilt avenues, 43d and 44th streets, depot covering two blocks, 32d to 34th street, 4th and Lexington avenues, the Kip block and several other parcels of real estate. For the year ending September 30, 1873, it bond and stockholders had a clear profit of over seven per cent. on \$20,000,000; for 1871, over seven per cent. on \$14,900,000. In 1876 the sum of \$1,935,092.68, or over seven per cent. on \$25,000,000. In 1878 over seven per cent. on over \$26,000,000. (*See State Engineer's Report, 1873.*) As Vanderbilt grows richer the people grow poorer.

ARGUS.

THE POWER TO TAX CORPORATIONS.

How the Legislature can Secure for the People over \$7,000,000 of Arrearages.

Opinions of Chief Justice Marshall and Judge Stephen J. Field of the Supreme Court of the United States, and opinions of Judges Ruggles, Denio, Dean, Rappallo, Allen and Folger of the Court of Appeals.

The Harlem Road taxing the public to pay over seven per cent. a year on \$25,000,000! Pays taxes on a valuation of \$2,370,280 only!

The Horse Railways clearing over eight per cent. on \$38,000,000 for year ending September 30, 1878!

They are required to pay taxes in 1879 on \$9,200,564!

Houses, Vacant lots and Farms bearing the whole Burden of Taxation.

The Fourth Avenue Horse Railway clearing over 8 per cent. on \$3,900,000.

A Bill of Particulars showing Central's Lowest Taxable Capital Since 1870.

Figures which Conclusively Prove all the Charges made against the Corporations by "Aryus."

A voice from a Robber's Cave.

Causes of the French Revolution.

Seneca's advice to Cræsus, King of Lydia, re-produced for the benefit of Cræsus, King of Manhattan.

MR. VANDERBILT'S CROOKEDNESS.

ALBANY, April 11th, 1879.

THE laws! the laws!

**Why do they guard the rich man's cloak from rent,
And tear the poor man's garment from his back?**

Why are they in the proud man's grasp a sword,
And in the hand of the humble man, a reed?

Editor GRAPHIC:

After an absence of many days, I find myself once again in the Capitol. Things seem to have undergone a change. It looks to me as if Larry Kiernan's destroying angel of 1870 had been visiting the gathering place of our Legislators. I have many misgivings as to the result of the contest between the people and the great monopolies. Sessions, of theenate, has not, it is claimed, deserted his colors, and will not turn out as a betrayer of the people. Senator John C. Jacobs, who is a very able man, will take sides with the people, if the Assembly passes a proper bill. Strahan is still firm, and boldly declares that he will stand by Wadsworth on the day of battle. And there is Sloan. That he is honest, and means right, no one will deny; that he can be purchased, his bitterest political foes dare not assert; that he will stand by the people in the final struggle I firmly believe; but, there are strange whisperings abroad. It is said that Mr. Sloan is sighing for gubernatorial honors, and has recently manifested much anxiety not to incur the enmity of republican leaders and wire-pullers like Chauncey Depew, ex-Senator John B. Dutcher, Senator William H. Robertson, Senator Wagner and others that I might name, and who are identified with the great corporations. These men are consummate judges of human character. They do not threaten Mr. Sloan, nor do they resort to harsh measures. *Au contraire*,—they have adopted the tactics which that holy fox, the great Richelieu, pursued with the pious, but ambitious monk:—

"I am the only man, who could, my Joseph,
Make you a Bishop. * * *

Ah, Joseph,—Bishop Joseph."

These men have discovered that George B. Sloan is ambitious; that the cherished wish of his heart is to be the Executive of the Empire State. Looking at the plans of these politicians as they are developed from day to day relative to Mr. Sloan, I recall the utterances of Valère in Molière's Comedy of "The Miser": "Experience teaches me that to find favor with men, there is no better method than to invest ourselves in their eyes with their hobbies; than to act according to their maxims; to flatter their faults and applaud their doings. One needs not fear to overdo this complaisance; the way in which one fools them may be as palpable as possible; even the sharpest are the greatest dupes when flattery is in the question; and there is nothing too impertinent or too ridiculous for them to swallow, if it be only seasoned with praises. Sincerity suffers somewhat by the trade which I follow; but when we have need of people, we must suit ourselves to their

tastes; and since they are to be gained over only in that way, it is not the fault of those who flatter, but of those who wish to be flattered."

Flattery is a very old, and a very powerful weapon—if weapon it may be called. The strongest characters have been its victims. England's great queen, the virgin Elizabeth, was one of them. "No adulation was too fulsome for her, no flattery of her beauty too gross. She would play with her rings, that her courtiers might notice the delicacy of her hands; or dance a coranto, that an ambassador, hidden dexterously behind a curtain, might report her sprightliness." (*Green's History of English People*, Vol. II, 317.) Mr. Sloan should think well over the words of the dying Wolsey to the man who remained true and loyal to him, when all the world shrank back:

"Cromwe'l. I charge thee, fling away ambition;
By that sin fell the angels; how can man, then,
The image of his Maker, hope to win by it?"

FACTS WORTH CONSIDERING.

But to return to the underlying economics again, let me dismiss men and consider facts and figures.

It has been frequently asserted that the New York Central and Hudson River Railroad Company has defrauded the people out of millions of dollars, by omitting to pay, or fraudulently contriving not to pay, its just share of the public burdens.

As your journal is an educator of the people, I shall give a couple of legal definitions: "A tax is a contribution imposed by government on individuals for the service of the State." (*Jacob's Law Dictionary*.) "The revenues of a State are a portion that each subject gives of his property, in order to secure, or to have, the agreeable enjoyment of the remainder." (*Montesquieu, Spirit of the Laws*, B. 12, C. 30.)

In this letter I propose to demonstrate that this great corporation has defrauded the people, by omitting to pay taxes on its true taxable capital, reserving for another occasion an explanation of the ways and means by which its real estate escapes its just share of taxation. This capital is taxable in New York County, because in New York is situated the "principal office or place of transacting the financial business of such company." (1 *Revised Statutes*, 6 Ed., p. 980, Sec. 3.)

And here let me once more direct your attention to the rule of law determining what is the taxable capital of a corporation.

In a case in the Supreme Court, (1 N. Y. S. C. R., 635) the Commissioners deducted from the total market value of the shares of a corporation, the cost price of its real estate, and determined the balance to be its taxable capital, refusing to deduct the amount of indebtedness of the company from such valuation. The Court held this to be the correct course, and, upon appeal, the Court of Appeals affirmed the decision of the Court below. Numerous authorities could be cited to support

Cost of Road and Equipment, as the same Appears by the Company's Reports for the years ending September 30th, 1870 to 1878.

	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
1. For Grading and Masonry.....	\$13,134,561.16	\$13,154,407.74	\$13,308,246.41	\$16,078,294.71	\$18,551,779.24	\$19,345,934.75	\$19,423,106.83	\$19,501,106.83	\$19,543,814.40	
2. For Bridges.....	1,291,381.32	1,291,381.32	1,311,677.56	1,515,600.03	2,321,484.75	2,498,404.17	2,526,095.21	2,528,026.21	2,528,426.21	
3. Superstructure, including Iron and Steel.....	13,822,025.17	13,966,055.92	14,407,555.52	19,229,597.70	27,872,766.63	28,564,425.68	28,826,925.68	29,819,425.68	29,216,925.68	
4. Passenger and Freight Stations, Buildings and Fixtures, Engine and Car-Houses, Machine Shops, Machinery and Fixtures....	7,875,479.34	8,000,490.44	8,258,914.75	9,284,624.14	9,867,460.09	11,032,437.18	11,054,886.78	11,926,328.49	12,196,709.89	
5. Land, Land Damages and Fences.....	5,892,737.89	5,921,703.29	6,425,636.54	8,960,495.11	10,612,943.47	11,062,430.33	11,312,743.36	11,968,839.51	12,469,817.31	
6. Locomotives and Fixtures and Snow Plows....	4,320,865.13	4,543,078.63	4,784,078.63	5,539,861.51	5,714,903.51	5,660,803.51	5,628,903.51	5,988,903.51	5,868,486.79	
7. Passenger and Baggage Cars.....	1,399,691.43	1,387,178.22	1,387,178.22	1,704,333.46	1,779,643.82	1,763,343.82	1,780,143.82	1,764,143.82	1,628,262.79	
8. Freight and other Cars.....	5,914,668.82	5,915,104.33	7,242,378.83	9,214,398.93	9,022,901.33	9,547,701.33	9,940,401.33	10,115,901.33	10,233,020.63	
9. Engineering and Agencies.....	2,884,057.15	2,884,057.15	2,884,057.15	2,938,558.82	2,961,414.87	2,999,473.27	2,999,473.27	2,999,473.27	2,999,473.27	
10. Horses.....	16,985.00	16,985.00	16,985.00	16,985.00	16,985.00	16,985.00	16,985.00	16,985.00	16,985.00	
11. Harness and Stable Equipage.....	4,293.10	4,293.10	4,293.10	4,293.10	4,293.10	4,293.10	4,293.10	4,293.10	4,293.10	
12. Rochester and Lake Ontario Railroad.....	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	
13. Buffalo and Niagara Falls Railroad.....	658,921.56	658,921.56	658,921.56	658,921.56	658,921.56	658,921.56	658,921.56	658,921.56	658,921.56	
14. Lewiston Railroad.....	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	
15. Saratoga and Hudson River Railroad.....	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00	
Total Cost of Road and Equipment.....	\$59,785,684.06	\$60,413,656.86	\$63,299,924.37	\$78,014,964.63	\$92,506,503.97	\$96,355,774.50	\$97,922,811.05	\$99,142,408.71	\$99,894,095.43	

Funded Debt, as Appears by same Reports.

	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
Increase.....	\$13,681,807.31	\$15,231,718.93	\$16,496,020.00	\$27,725,533.33	\$38,484,742.62	\$40,003,667.62	\$39,844,733.33	\$39,801,233.33	Report not yet Published.	
		1,549,901.62	1,264,301.07	11,229,013.23	10,759,769.29	1,518,925.00	No increase.	No increase.		

Money paid out for Real Estate, as Appears by Same Reports.

	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
Increase.....	\$48,109,183.59	\$48,547,016.88	\$49,865,009.40	\$61,234,519.13	\$75,366,146.61	\$79,332,547.44	\$80,452,063.69	\$81,251,831.33	\$82,142,416.82	
		437,838.29	1,317,592.57	11,260,368.54	14,311,633.48	3,860,400.83	1,119,536.45	799,467.66	830,865.47	

Capital Stock by Same Reports.

	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.
	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	\$89,428,300.00	

Highest and Lowest Market Rates of this Stock.

Stock.....	100—86	102—84	100—87	106—73	105—95	107—109	117—100	107—85	103—114	See Financial Review, Dana & Co., Publishers, 79 & 81 William street.—118—
Scrp.....	96—81	96—84								

Real Value of Capital Stock.

Stock.....	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00	\$41,850,000.00
Scrp.....	30,096,930.00	39,985,495.00	\$83,168,319.00	\$79,890,987.00	\$89,428,300.00	\$92,111,114.00	\$96,582,564.00	\$96,851,168.00	\$96,682,564.00	\$105,925,374.00
Deduct actual Cost of real Estate.....	80,946,590.00	81,835,495.00	49,865,099.00	61,234,513.00	75,366,146.00	79,332,547.00	80,452,083.00	81,251,551.00	82,142,416.00	83,250,000.00
Balance is its Taxable Capital.....	49,103,410.00	48,547,016.00	49,865,099.00	61,234,513.00	75,366,146.00	79,332,547.00	80,452,083.00	81,251,551.00	82,142,416.00	83,250,000.00
Tax Rates in New York.....	2.35	2.17	2.00	2.50	2.80	2.94	2.80	2.65	2.55	2.65
Amount due for Taxes on its Capital.....	736,849.30	722,359.99	965,795.99	153,084.94	211,818.85	231,840.31	225,689.86	214,818.85	208,223.77	218,611.00
Interest (8 to January 1st, 1879).....	472,633.16	404,511.03	463,592.47	183,504.94	135,996.89	90,165.56	72,645.36	11,871.18	29,579.01	
Total Amount due.....	\$1,211,482.46	\$1,126,870.02	\$1,429,378.46	\$642,476.79	\$519,737.20	\$465,855.42	\$524,298.82	\$506,261.03	\$507,802.78	\$568,222.54

* I have rated as "real estate" all of the above, save items 6, 7, 8, 10, and 11. This I have done because of my inability to ascertain the "cost" of the Machinery in item 4, and the fees, &c., paid for "Engineering," &c., in item 9. I was told in the fall of 1877 that this machinery represented about \$4,500,000.

Total.....\$7,046,185.22

In Report of 1876.

Repairs of road-bed, and cost of iron used in repairs.....	1,312,696.37
Repairs, machinery, &c.....	3,260,071.61
Rent of other lines	1,917,711.26

In Report of 1877.

Repairs of road-bed, including iron	1,345,191.48
Rent of other lines	1,945,572.19

In Report of 1878.

Repairs, Machinery, &c.....	\$2,937,530.53
Repairs road-bed.....	1,355,232.30
Iron	322,405.57
*Rents.....	364,865.34
Rent of other lines.....	1,939,555.70

*What for not stated.

It appears that the company has expended in eight years for "repairs of buildings," \$2,304,243.27.

And now I shall introduce a statement which contains the sums which this company had on hand out of its *earnings*, for division between its bond and stockholders, after paying cost of maintenance, repairs, steel rails bridges, taxes, rent of other lines, taxes on Harlem, and the other leased roads, and all legal, legislative and other expenses—for nine years—ending September 30th, 1878.

1870	\$8,067,964.47.
1871	8,119,693.77.
1872	8,290,006.05.
1873	8,376,733.09.
1874	9,237,164.11.
1875	*11,648,968.90.
1876	10,004,704.85.
1877	10,884,664.07.
1878	10,835,022.15.
	<hr/>
	\$84,464,021.46.

*From company's report: "Owing to a change in paying dividends from semi-annual to quarterly periods, ten per cent. was actually disbursed, therefore, within the year embraced in this report. The amount, however, chargeable to the business of the year, is eight per cent. only." In other words, the company divided between its bond and stockholders \$1,389,624.29, more than its net receipts. The usual eight per cent. was paid the next year, and the company's bonded debt was increased during the same period. See Bill of Particulars.)

†Company div. paid \$138,312.23 more than it had on hand for division.

HERE IS A TABLE.

Showing the amount of taxes paid by the New York Central Railroad Company, in which are included assessments, water rates, taxes, and taxes and assessments on its leased roads. Since 1873, all of Harlem's taxes, &c., (excepting on the horse railway, Gilmore's Garden, depot at 34d street, and a few other parcels,) have been paid by the Central, and these taxes, &c., Central has obligated itself to pay until the month of April, A. D., 2274.

1870.....	\$ 668,766.69
1871	683,149.02
1872	590,796.87
1873	768,524.56
1874	863,887.22
1875	952,828.90
1876	1,017,424.95
1877	850,098.65
1878	924,506.26

It has paid in addition on its capital of \$250,000, the following sums:

	Capital.	Tax.	
1876.	\$250,000	7,500.	(estimated.)
1877.	250,000	7,500.	
1878.	250,000	7,500.	

These payments on its capital were made in Albany.

These infernal figures will be the death of me; but there is nothing left for me, but to go on. You will observe that the cost of the real estate of this great road was increased to the tune of \$11,369,503.67, between September 30, 1872, and September 30, 1873. During this year, (April 1st) Harlem and its property, &c., (excepting Horse Railway, Gilmore's Garden, and depot at 32d and 34th streets,) were leased to Central for 401 years, the Central agreeing to pay eight per cent. per annum on its (Harlem's) stock, all of Harlem's interest and taxes, save on the property above excepted, on which property the Vanderbilt's paid last year \$24,116.28! And there is an increase during the same period of the bonded indebtedness of the road of \$11,229,013.13. If the Central assumed the payment of Harlem's bonded indebtedness, this would make the Central principal debtor, and thereafter Harlem would only be liable as surety. (Carvo v. Davies, 8 Hun.) It looks to me as if Central, by virtue of the agreement, of April 1st, 1873, became the *owner* of most of Harlem's real estate.

I would like to give the particulars of the lease or agreement of April 1st, but I can't. You will have to ask William. This agreement ought to be produced before Mr. Wadsworth's Committee, and if Mr. Wadsworth is in dead earnest, he will call for it.

To ascertain whether any of Harlem's real estate was deeded to Central, I, some time ago, caused the records in your Register's office to be examined. Here is the result. If there be any other deeds, they have not been recorded. The records in Putnam, Westchester and Columbia Counties I have not as yet examined. It is not essential to the validity of a deed, that it be recorded.

WHOLESALE TRANSFER OF HARLEM'S REAL ESTATE.

THE NEW YORK AND HARLEM RAILROAD
COMPANY

to

THE NEW YORK CENTRAL AND HUDSON
RIVER RAILROAD COMPANY.

*Deed, Dated April 1, 1873.
Recorded June 25, 1873,
in
Liber 1256 of Deeds, p.
426, &c.*

Conveys the following plots of ground, in consideration of \$1.00, and certain covenants, contained in a *contract* between the parties, dated April 1st, 1873. (Not recorded.)

1. Block Madison and Vanderbilt Avenues, 43d and 44th streets.
2. Gore, 42x210, 42d and 43d streets.
3. Plot, 200x15, Vanderbilt Avenue, running from 44th to 45th streets.
4. Plot, 177 7½x130, N. E. cor. 42d street and 4th avenue.
5. Plot, 240x200, 134th and 133th streets and 4th avenue.
6. Plot, 200x90, 4th avenue and 134th street.
7. Plot, 99x155, S. E. cor. 126th street and 4th avenue.
8. Plot, 100x150, 48th street, near 4th avenue.

I now give you a memorandum which I made a few weeks ago, while examining Harlem's reports to the State Engineer. I think an investigation will disclose that Central has become the owner of Harlem's real estate, (except as above stated,) although the Harlem continues, year after year, to report the "cost of its road and equipment," and it, no doubt, deducts from the market value of its shares, the "cost" of said real estate.

It is not pretended that the Harlem Road has ever paid a dollar of tax on its capital, nor has the great Central. I wish to be absolutely accurate. I find that Central has been paying in this city, on a capital

of \$250,000, since 1876. This was brought about by some of Central's cunning attorneys, so as to afford your Tax Commissioners a plausible excuse for a wilful violation of their oaths. I regard your Tax Office as a sink of iniquity.

The office and those who administer it and have administered it should be investigated. I might go on and pile up evidence mountain high. Is it not a matter of public record that six horse railways in New York had on hand for division between their bond and stockholders for the year ending September 30, 1877, over 8 per cent on \$23,050,000, and with the reports of these companies staring them in the face, did not these Commissioners fix the assessed value of these roads at \$4,141,209?

And now old Wheeler, who fawns on Cooper as he fawns on Ely, goes about the streets crying out: "We are at last enabled to tax the tracks of the city railroads." Why, Judge Barrett decided no new principle. He merely followed Judge Folger's decision in 1871, (Court of Appeals) who held that the tracks of the city railroads are taxable as real estate, notwithstanding that the railroad owned not the fee of the streets.

It astonishes me that there ever could have been any litigation on the question, the statute declaring that anything "annexed" or "affixed" to the land to be "real estate." The case before Judge Folger was one from the country. Perhaps the county assessors learned some of the New York tricks. I have often heard it said, by insiders, that your Commissioners when asked why they had not assessed such and such property, would reply: "O, that involves a nice legal point, when that is settled in our favor, we will give it to the these wicked corporations." But I forget all about my Harlem memorandum:

THE MEMORANDUM.

HARLEM ROAD.

COST OF ROAD AND EQUIPMENT.

For Year Ending September 30, 1872.

For graduation and masonry.	
For Bridges.	*\$11,840,447.19
Superstructure, including iron Passenger and Freight Stations, Building and Fixtures.	
Engine and car houses, machine shops, machinery and fixtures.	
Land, land damages, and fences.	
Locomotives, and fixtures and snow plows.	456,345.66
Passenger and baggage cars.	1,032,664.92
Freight and other cars.	
Horses and Stables.	127,025.67
	\$13,449,583.38.

The company acknowledges in its report that it owns other real estate, but which forms no part of the road or its equipment.

The total amount of its floating debt was stated to be.	\$1,135,000.00
Funded debt.	4,864,024.00
	\$5,999,024.00

Cornelius Vanderbilt swears to the report. (See page 662).

REPORT FOR YEAR ENDING SEPTEMBER 30, 1873.

The total cost of the road is stated to be \$18,269,168.95. It is announced that the Dover extension certificates above mentioned, were paid July 1st, 1872. The cost of its real estate forming a part of the road and equipment, and covering the five items above enumerated, is fixed at.	\$14,476,213.88
Real estate in New York, Gilmore's Garden and other plots.	2,239,709.97
Locomotives and snow plows.	349,700.00
Passenger and baggage cars.	
Freight and other cars.	1,066,872.50
Horses and stables.	133,372.60
Total cost of road and equipment.	\$18,269,168.95

*This amount \$11,840,447.19 covers only the cost of the road from New York to Dover Plains. The cost of the remaining distance from Dover Plains to Chatham Four Corners, is represented by \$2,069,000 Albany Extension certificates, of which the company holds \$1,993,500. See page 664 State, Engineer's Report, 1872.)

It is announced that the steam line was leased April 1st, 1873, to the Central and Hudson for 401 years. Its funded debt is fixed at \$7,035,069.00. The company continues to report year after year as a horse railway.

In the year ending September 30th, 1874, the first item alone is increased to \$16,653,269.81. The last three items are fixed at \$6,074.49 less than the year previous. The real estate remaining the same. (See page 981). The funded debt and floating debt are

fixed at.	\$10,762,103.06
1875. Funded and floating debt.	11,317,329.00
Cost of road and equipment.	21,181,313.82
1876. Funded and floating debt.	11,317,329.00
Cost of road, &c.	21,551,737.73
1877. Funded and floating debt.	11,317,329.00
Cost of road, &c.	21,922,845.97

ASSESSED VALUE OF ALL THE PROPERTY OF THE NEW YORK AND HARLEM RAILROAD COMPANY IN 1878.

Towns.	COLUMBIA. Assessed value.	State, Town and County Tax.
Ancram.	\$ 40,000	\$ 403.48
Chatham.	10,000	65.00
Claverack.	115,200	876.56
Copake.	250,000	1,492.90
Ghent.	180,000	950.00
Hillsdale.	40,000	452.81
Taghanic.	11,000	90.79
Official.	\$646,200	Official... \$4,331.54

PUTNAM COUNTY.	
Carmel.	\$ 300
Southeast.	90,000
Patterson.	70,000
Official.	\$160,300
Estimated,	\$960.00

NEW YORK CITY AND COUNTY.	Assessed Value.
*Gilmore's Garden.	\$372,000
N. S. 32d street, 4th and Lexington avenues.	64,000
S. S. 33d " " " " "	35,000
E. S. 4th ave., 32d to 34th sts	200,000

W. S. Lexington ave., 33d to 34th sts.	56,000
Six lots w. s. Lexington ave., 32d to 33d sts.	50,000
Six lots n. w. cor. Madison. ave and 88th street	20,500
Twenty-third Ward, 86 acres	60,000
Seventeen and one-half miles of superstructure	50,000
Depot at North Haven	3,000
Twenty-two lots at Port Morris	6,000
Twenty-fourth Ward, depot, tanks, blacksmith and machine at William's Bridge	56,000
Car shop at Central Morrisania	40,000
Superstructure	60,000
Forty-five acres	60,000

\$1,132,500

I believe this list contains every piece of property owned by the Harlem road in New York. The Grand Central Depot I have regarded as the property of the New York Central and Hudson River Railroad Company, although the technical title may be in Harlem.

WESTCHESTER COUNTY.

Towns.	State County and Town Taxes Paid.	Ass'd Valuation.
Bedford	\$ 354.49	\$38,000.00
Eastchester	5,400	120,000.00
Greenburgh	895.22	70,500.00
Lewiston	110.16	18,000.00
Mount Pleasant	580.95	45,000.00
Newcastle	301.64	25,000.00
North Castle	126.38	9,000.00
North Salem	407.84	40,000.00
Scarsdale	184.32	12,000.00
Westchester	53.44	2,500.00
White Plains	1,124.82	46,500.00
Yonkers	71.70	4,780.00

Official total. . . . \$8,610.96 \$431,280.00

RECAPITULATION.

	Assessed Value	Rate.	Tax.
New York County	\$1,132,500	\$2.25	\$28,921.75
Columbia County	646,200		4,331.54
Westchester County	431,280		8,610.96
Putnam County	160,300		960.00
	\$2,370,280		\$42,824.25

*I think the New Haven road owns one-half. If this be so, then Harlem would have to pay on \$186,095 or 1/2.

For the purpose of covering road and school taxes in Putnam, Westchester and Columbia, I have concluded to add to the foregoing the sum of \$1,000, thus making \$46,824.25.

A portion of this tax is paid by Central. For the year ending September 30, 1878, it appears the Harlem Horse railway paid "taxes on real estate, \$24,116.28."

RAILROAD PROFITS.

Statement showing the net profits of the New York and Harlem Railroad Company.

		Taxes.
	\$ 997,389.29.	\$67,142.80
1870.	1,029,088.14.	\$6,204.57
1871.	1,122,263.29.	87,510.82
1872.	1,440,810.52.	75,879.07
1873.	1,525,760.06.	* 19,680.09
1874.	1,722,877.99.	24,941.18
1875.	1,745,092.65.	26,482.86
1876.	1,742,965.00.	26,562.92
1877.	1,815,851.35.	24,116.28
1878.		

Horse railway net earnings included in above.

		Over 8 per cent on \$2,500,000
1874.	\$204,763.25.	" " " 3,150,000
1875.	255,664.96.	" " " 3,400,000
1876.	277,879.65.	" " " 3,400,000
1877.	275,752.11.	" " " 3,900,000
1878.	316,638.32.	

THE FOLLOWING ARE CENTRAL'S LEASED LINES. (SEE STATE ENGINEER'S REPORT 1877, pp. 776, 796, 988).

Junction (Buffalo). 8.91 miles of track. Total cost \$214,610. Capital \$250,000. W. H. V. and Depew Directors.

New York Central Niagara River. Length of road 7.50 miles. Cost \$28,100.00. Directors, W. H. V. and Chauncey Depew. Capital \$150,000.

New York and Mahopac. Length of road 7.09 miles. Capital \$500,000. Cost of road &c, \$265,449.21. Directors, William H. Vanderbilt, Chauncey Depew, Ex-Judge William H. Leonard and Senator William H. Robertson, who appointed Senator Wagner Chairman of the Senate Railroad Committee.

*Since 1873 the Fourth Avenue Horse Railway has paid on its Depot, Gilmore's Garden, &c., and the amounts are given above. What amount Central has paid on account of Harlem's taxes &c., does not appear from any report on file.

Niagara Bridge and Canandaigua R. R. Miles of track, 103.96. (Can't ascertain what it cost. Was bought in under foreclosure by James M. Brown and Robert B. Porter. Clarkson N. Potter was its last President. Leased to Central for term of its charter). Central pays as rent \$60,000 a year, and, I think, pays its taxes.

Syracuse Junction. Miles of track, 7.81. Cost \$732,297.57. Capital, \$1,000,000. William H. and William K. Vanderbilt directors. This company admits an indebtedness to Central and Hudson, of \$632,297.57.

Genesee and Lyons Railroad. Length of road, 14.12 miles. Cost, \$322,256.11. Capital, \$300,000. It owes the Central \$307,225.61. The Central operates the road, but there is no formal lease. Directors W. H. V. C. V., W. H. V., J. W. V., Augustus Schell, Chauncey Depew.

Troy and Greenbush. Capital, \$275,000. Length of road, 6 miles. Cost \$294,908.36. Rental \$19,250 a year, and, I believe, taxes.

Troy Union. Cost of road and equipment, \$783,984.03. Capital stock, \$30,000 (only). Funded debt, \$680,000. Rate of interest 7 per cent. William H. and William K. Vanderbilt directors. The following is an extract from the company's report. "This road has no earnings, and its expenses are paid by the New York Central and Hudson River Railroad, Rensselaer and Saratoga Railroad, and Troy and Boston Rai road Companies."

Spuyten Duyvil and Port Morris Railroad. Cost of road \$989,000. Capital stock paid in, \$989,000. Length of double track, including sidings, 5.42 miles. No bonded debt. William H., Cornelius, Frederick W. and William K. Vanderbilt, John B. Dutcher, Chauncey Depew and Ex-Judge Leonard, directors.

Dunkirk, Allegheny and Pittsburgh Railroad. Capital stock, \$1,300,000. Funded debt, \$3,200,000. Cost of road &c., \$4,894,235.67. Term of lease not stated. Central and Hudson pay as rent interest (7) on bonded debt. Directors, William H. and William K. Vanderbilt, Chauncey Depew and Ex-Senator Henry R. Pierson. Length of main line of road from Dunkirk, N. Y., to Oil City, 106.5 miles.

New York and Harlem. 126 miles of road. Directors, William H., Cornelius and William K. Vanderbilt, Chauncey Depew, Ex-Judge Leonard and Ex-Senator John B. Dutcher. Central pays as rent eight per cent. on stock—\$9,450,000 and interest (7), on funded debt of \$10,617,339, also Harlems taxes, excepting \$25,000.00 or thereabouts yearly, which Harlem pays on Horse Railroad (4th Ave), Depot, Gilmore's Garden and other property by it owned.

What a powerful corporation the New York Central and Hudson River Railroad Company is. For the year ending September 30th, 1878, it had on hand for division between the bond and stockholders over seven per cent. on \$154,000,000, after paying its own taxes, the taxes of its leased roads, rents and expenses of all kinds.

WESTERN UNION'S SIN.

Next to the Western Union Telegraph Company, Central is the greatest of sinners. Western Union's capital is \$41,073,410, and its market value (107) is \$43,948,548.70. All its real estate, including wires, cost a sum not exceeding \$14,764,444.75. (See Company's Report, Oct. 30, 1877.) This would make its taxable capital precisely the sum of \$29,284,103.05. I believe your Tax Commissioners adjudge this taxable capital to be about \$466,663.18! This has been done, notwithstanding the language of Judge, Theodore Miller who delivered the opinion of the Court of Appeals in the Pacific Mail Tax case. "*We deem it proper to say,*" said the learned Judge, "*that we do not intend to intimate that under the Statutes of this State, there is any other mode of taxation of a corporation than by assessing the capital at its actual value, without regard to the situs of its property.*"

And now, I hear that William the First proposes to make the public pay 8 per cent. on a capital of \$50,000,000! There does not seem to be any limit to the taxing powers of William, King of Manhattan. The madness which precedes destruction, seems to have taken possession of his royal brain. Let the decree be entered—\$50,000,000 are hereby declared to be exempt.

HOW TO GET THE \$7,000,000 DUE THE PEOPLE.

A bill has been prepared, levying a tax of \$7,046,185.42 on the Central and Hudson River Railroad, and it provides for the sale of its property in the event of non-payment. It directs an equitable distribution of the money between all the counties, giving the Supervisors sole control over the fund which they are required to expend in making public improvements. The indebtedness, as set forth in the Bill of Particulars, cannot well be denied, although I am told that Chauncey Depew maintains that the "scrip," before its conversion into stock, was not taxable as capital, notwithstanding that the public was forced to pay eight per cent. a year on such "scrip." Technically, the money is due to New York County. But as the company derived its life from the State, all its inhabitants should have a portion of the fund. The Statesman who votes against this bill cannot well cry out amid the din and roar of political battles, "I am the friend of the workingmen, the farmers, mechanics and laborers, and 'all their sisters, and their cousins and their aunts.'"

The railroad attorneys, and railroad judges will, no doubt, denounce the bill as being in the nature of a forced loan, or that it is taking private property for a public use, without compensation, or, that it violates the constitutional provision that no man shall be deprived of his life, liberty, or property, without due process of law. Of course these men

believe that it is all right for this great corporation to take the hard earnings of the citizens of the State to add to the enormous fortunes of the Vanderbilts. Vanderbilt should do a little of the walking. The people are worn out. To prove that the Legislature has the power to raise money by taxation for public purposes, and that the proposed bill conflicts with no provision of the Constitution, I shall quote the language of a few eminent jurists:

CHIEF JUSTICE MARSHALL.

Chief Justice Marshall, of the Supreme Court of the United States, thus discourses (*McCulloch v. Maryland*, 4 Wheaton, 428):

"The power of taxing the people and their property is essential to the very existence of government, and may be legitimately exercised on the objects to which it is applicable to the utmost extent to which the government may choose to carry it. The only excuse against the abuse of this power, is found in the structure of the government itself. In imposing a tax, the Legislature acts upon its constituents.

"This is, in general, a sufficient security against erroneous and oppressive taxation. The people of a State, therefore, give to their government a right of taxing themselves and their property; and as the exigencies of the government cannot be limited, they prescribe no limits to the exercise of this right, resting confidently on the interest of the legislator, and on the influence of the constituents over their representatives, to guard them against its abuse. * * *

And the same high authority has said in another case, (*Providence Bank v. Billings*, 4 Peters, 561.) "The power of legislation, and consequently of taxation, operates on all persons and property belonging to the body politic. This is an original principle which has its foundation in society itself. It is granted by all for the benefit of all. It resides in the government as part of itself, and need not be reserved where property of any description, or the right to use it in any manner, is granted to individuals or corporate bodies. However absolute the right of an individual may be, it is still in the nature of that right that he must bear a portion of the public burdens; and that portion must be determined by the Legislature. This vital power may be abused, but the interest, wisdom and justice of the representative body, and its relation with its constituents, furnish the only security against unjust and excessive taxation, as well as against unwise taxation."

"It is unfit for the judicial department to inquire what degree of taxation is the legitimate use, and what degree may amount to the abuse of the power."

In October, 1877, the same Court decided the case of *New Orleans vs. Clark*, (95, U. S. R., 654), where the same question was involved.

The opinion was delivered by Justice Stephen J. Field. He says:—

"The power of taxation which the Legislature of a State possesses, may be exercised to *any extent* upon property with its jurisdiction, except as specially restrained by its own or the Federal Constitution, and its power of appropriation of the moneys is equally unlimited. *It may appropriate them for any purpose which it may regard as calculated to promote the public good. Of the expediency of the taxation or the wisdom of the appropriation, it is the sole judge.*

And the case of *Guilford vs. Chenango County* (hereinafter quoted) is cited and its rulings adopted by all of the Judges.

So much for the Supreme Court of the United States.

CHIEF JUSTICE RUGGLES.

Chief Justice Ruggles in the Court of Appeals in the case of *The People vs. The Mayor*, 4 Comstock 425, quotes with approval the language of the great Chief Justice, and his opinion is concurred in by all the judges.

Next in point of time is the celebrated case of the *Town of Guilford vs. Supervisors of Chenango County*, 3 Ker., 143.

In this case the Court of Appeals held that "the Legislature of this State has power to levy a tax upon the taxable property of a town and appropriate the same to the payment of a claim made by an individual against the town. Nor is it a valid objection to the exercise of such power that the claim, to satisfy which the tax is levied, is not recoverable by action against the town.

Neither is the statute imposing the tax void, although the claim had been rejected by the voters of the town, when submitted to them at town meeting, under an Act of the Legislature authorizing such submission, and declaring that their decision should be final and conclusive."

Two opinions were handed down. One by Mr. Chief Justice Denio, the other by Mr. Justice Dean. All of the Judges concurred.

CHIEF JUSTICE DENIO.

"The Legislature is not confined in its appropriation of the public moneys, or of the sums to be raised by taxation in favor of individuals, to cases in which a legal demand exists against the State. It can thus recognize claims founded in equity and justice in the largest sense of these terms, or in gratitude or charity. Independently of express constitutional restrictions, it can make appropriations of money whenever the public well being requires or will be promoted by it; and it is the judge of what is for the public good. It can, moreover, under the power to levy taxes, apportion the public burdens among all the tax-

paying citizens of the State, or among those of a particular section or political division. It is well settled that the authority to raise money by the exercise of the taxing power is not in conflict with the Constitutional provisions protecting private property from seizure. The two principles co-exist in the Constitution, and it is not difficult to distinguish between them. (*The People vs. The Mayor, &c., of Brooklyn*. 4 Comst., 419.)

MR. JUSTICE DEAN.

DEAN, J. "But our State Government is an independent existence, representing the sovereignty of the people. The power of the Legislature is the power of that sovereignty, and is supreme in all respects, and unlimited in all matters pertaining to legitimate legislation, except in those instances where the people have, in their fundamental law, limited or restricted it. Taxation is indisputably a legislative power, *The Constitution of the State will be searched in vain for any clause which contains any restriction or limitation on the taxing power of the Legislature.*"

After alluding to certain formalities which must be observed in the passage of laws levying a tax, he continues: "Whenever these formalities are observed, the Legislature has the right to appropriate the public moneys for local or private purposes, and to impose a tax upon the property of the whole State, or any portion of the State, or any particular and specified kind of property. It is feared that this power may be abused, or if it is, in fact, abused, neither the apprehension nor the reality prove the non-existence of the power." (4 Comstock, 419.)

Next in order is the case of *Gordon v. Cornes*, decided by the Court of Appeals in 1872.

JUDGE CHARLES A. RAPPALLO.

Judge Charles A. Rappallo delivered the opinion, which was concurred in by all the Judges, except Chief Justice Church, who took no part in the decision.

After citing, with his approval, the case in 4 Peters, U. S. Reports and the *People v. McCulloch*, (4 Comst., 149,) and *Town of Guilford v. Supervisors of Chenango*, (3 Ker., 143,) and alluding to certain restraints on the taxing power of the Legislature to be found in the Constitutions of other States, he proceeds: "But in this State such restraints have not been deemed necessary, and the people have been content to leave to the wisdom and justice of the Legislature, unrestrained by specific regulations, the subject of determining how the public burdens shall be apportioned among them."

Extract from opinion of Judge Andrews of the Court of Appeals in Bertholf vs. O'Reilly (74 N. Y. R. 516), all the Judges concurring.

The right of taxation is an attribute of sovereignty, without which governments would be powerless, and organized society could not exist. And it is said to be unlimited. *But this is only true when exercised for a public purpose.* The taking of private property for a private purpose, under the guise of taxation, is no less a violation of the constitution than if the property of A was attempted to be transferred to B, by the mere force of legislative mandate. It is upon this principle that we have recently held, in the case of *Weisner vs. The Village of Douglass* (64 N. Y.) that a law involving taxation in aid of a private enterprise and business was unconstitutional and void.

(This is the last expression of the Court of Appeals on the power of the legislature to raise money by taxation for a public purpose.)

And the same Judge quotes with his approval the opinion of the Supreme Court of the U. S. in the *Granger* cases, and gives the following from the opinion of Waite, Ch. J. "When one devotes his property to a use in which the public have an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created." See 74 N. Y. Reports (just published) New York October 20th, 1879.

JUDGE WILLIAM F. ALLEN.

In the case of the *People vs. Board of Assessors*, decided in 1870, Mr. Justice Allen in delivering the opinion of the Court, said:

"The Legislature may determine what sums shall be raised by taxation, and for what purposes, and it may make appropriations of money and cause the same to be levied by tax, either general or local, for the satisfaction of a claim which is not recoverable by action, or a public charge in virtue of any previous or existing laws, and which is only founded in equity and justice, or which the Legislature regards as equitable and just. (*Town of Guilford vs. Board of Supervisors of Chenango* 3 Kernan, 143; *Brewster vs. City of Syracuse*, 19, N.Y. Reps. 116). The action of the Legislature in the exercise of the power of taxation is not the subject of judicial review. *People vs. Mayor of Brooklyn*, 4 Comstock, 419.)"

JUDGE FOLGER.

In the case of *Weismer vs. the Village of Douglas*, decided by the Court of Appeals in 1876, (64, N. Y. R., 97), Mr. Justice Folger, after referring to certain criticisms made upon the opinions of Judges Denio and Dean in *Guilford vs. Chenango County*, (3 Ker., 143), employs this language: "And hence it is that, though the case above cited (3 Ker. 143), has been commented upon, and some of its utterance criticised, the judgment there rendered upon the facts there exhibited has not met with a disapproval authoritative upon us. It has been accepted in this State as a binding adjudication, that the Legislature may tax, or delegate to a political division of a State, the power to tax, to raise money to pay a legal, equitable or moral claim, or to do that toward an individual which proper and expected sense of gratitude for public service ought to prompt, or a feeling of charity (which, in legal sense, is, perhaps, as used here, no other than moral obligation), urge." This case may be regarded as settling the law that there is no limit or restraint upon the power of the legislature to levy taxes for a public purpose.

Have I not shown a fraudulent withholding of moneys which this company was, and is, legally and morally bound to pay to the people? The money which it should have paid, it retains in its overflowing coffers. In not paying its just share of the public burdens, it has added to the burdens of every citizen of the State. It has compelled the merchants, mechanics, farmers and laborers of the State to make up the deficit consequent on its default.

When called upon to pay in New York, lying attorneys would say to your very obliging taxing officers, "We pay on our capital in Albany," and when called upon to pay in Albany, "We pay in New York," would proceed from the lips of the "retained" gentlemen.

The power to right a plundered and oppressed people is vested in the Legislature. Let the people keep a keen eye on their sworn representatives from this hour until the day of adjournment.

Since writing the foregoing I have taken a look at Harlem's last report or file in the State Engineer's office. I find that the horse railway (Fourth ave.) cleared over 8 per cent. on \$3,900,000, for the year ending September 30, 1878, after paying cost of maintenance and all other expenses, including "taxes on real estate \$24,116.28!"

I have also looked at Central's report. After paying expenses of all kinds, including its own taxes, and the taxes of Harlem, (except as above) and its other leased roads, it had on hand for division between its bond and stockholders \$10,835,022.15, or over seven per cent. on over \$154,000,000! Harlem's bond and stockholders had for the same period a clear profit of \$1,815,851, or over seven per cent. on \$26,000,000. The profit which went into the pockets of the bond and stockholders of Central's other leased roads, was about \$430,342.67, or about seven per cent. on \$6,000,000. Add these sums together, and we find the total value of the Vanderbilt roads to be at least \$180,000,000!

A few days ago a friend of mine was offered sixteen vacant lots on 117th street and the East River in your city, for less than \$14,000. He went to the tax office, and finding the property assessed at \$25,000, he concluded not to buy, as he would be required to pay taxes at the rate of \$2.55 upon said last mentioned sum. And what sum do you think all of the Vanderbilt roads paid for taxes for the year ending September 30, 1878? They paid, as appears by the records in the State Engineer's office, exactly \$948,622.54, or about one half of one per cent. on their real values as above given.

This man Vanderbilt is a very sponge in sucking up the money drained from the people. His revenues are like the belly fattening by the leanness of all the other members. As the people grow poorer, he grows richer. What was their property, goes to swell his already colossal fortune. A cry of despair is going up from the people. Vanderbilt a few years ago commenced the work of getting possession of other peoples' money. He began with about \$5,000,000, and now the Vanderbilt family possesses far more than \$100,000,000, and in ten years more he will have \$250,000,000. What are the people going to do about it? Vanderbilt Legislatures, and Vanderbilt Courts will grant them no relief. But they will make one grand effort at the polls this fall. If they are defeated by Vanderbilt's money and Vanderbilt influences, it would not surprise me to see a Court of the people—a Committee of Public Safety—organized on one of our public squares. Is this man Vanderbilt honest? If he is, his ethics are of the school of Captain Rolando, who thus defended highwaymanship to Gil Blas:

"Well, Gil Blas, thou seest the manner in which we live. We are always cheerful, neither hatred nor envy ever creeps in among us; we never have the least disagreement or strife; we are more united than monks. Thou art going to lead here a life very agreeable; for I do not think you are foolish enough to grieve because you are in company with robbers. Does one see any other kind of people in the world? No, my friend, all men love to appropriate the property of others; it is the general feeling; the manner alone of doing it is different. Conquerors, for instance, seize upon the territory of their neighbors. Persons of quality borrow, and do not repay. Bankers, Treasurers, Stock Brokers, Government officials, and the merchants, great as well as small, are not very scrupulous. For the Judges I shall not speak, as everybody knows what they can do. It must be admitted, however, that they are more humane than we are; for often we take away the lives of the innocent; while they sometimes save the lives of the guilty."

A short time ago he (Vanderbilt) attempted to take some property on the North River for railroad purposes. A deed was introduced in evidence before the Court Commissioners, covering some adjoining property purchased by him. The consideration mentioned in the deed was \$150,000. Counsel for the property owners called upon the grantor, Mr. Zollikofer, President of the Metropolitan Gas Company, and he was asked to state the true consideration. Vanderbilt's Counsel strongly objected, but Mr. Z. was forced to confess that a false consideration was inserted at Mr. Vanderbilt's urgent request, and that the real consideration paid was \$225,000. Mr. Z. testified before the referee, Edward L. Owen: "He (Vanderbilt) wished to have it confidential, therefore I don't know—I am in court, and therefore, I must say what I know."

The deed of the Fifth Avenue property recently purchased by him states a sum far less than the sum paid. If you doubt this, ask Judge Schley, of your city. He is an honorable man and will tell the truth. \$400,000 was inserted in the deed at Vanderbilt's request. \$500,000 was the sum paid.

LET VANDERBILT READ THIS.

It was the acts and doings of a privileged class of men like Vanderbilt, that maddened the people of France and drove them into revolution. Listen to the language of an able writer:

"Meanwhile the nobles and clergy, either by subterfuge or privilege, escape taxation altogether. So that the burden of maintaining the public institutions of the State falls entirely upon the Third Estate. Where the above means cannot be resorted to, the privileged classes pay less than half of what they should pay. The rich plebians attempt the same thing by becoming nominally attached in some official way to a great lord, who not only enjoys exemption from taxes, but extends

the privilege to all those employed by him in a private or public capacity. In this way the "fiscal system" is not so much a net as a trap; the small fry are caught, while the big ones escape, their very size forewarning them not to enter. * * * Consequently no pretext is considered too mean to avoid that which in being enforced would place them in some measure on a level with the common herd. Still, sometimes they have to pay; but care is taken that it shall be as little as possible, all their influence being brought to bear against an assessment, which implies a certain equality with the lower classes, and is absolutely repudiated, especially by the noble." (*Van Loven's "French Revolution Epoch."*)

You are mad, Mr. Vanderbilt, to fight the people, and all who advise you to do so are your enemies. Yours is the madness which precedes destruction. You are surrounded by flatterers and toadies, by men who talk as you wish them to talk. Time will prove to you, that they are as unreliable as is that class whose feet take hold on death, and whose steps lead down to hell.

Seneca once wrote some words of advice which were intended for the eye of the rich King of Lydia—Cræsus. As our New York Cræsus is a reader of the GRAPHIC, I take the liberty of inserting therein this letter: "Give him," says he, "wholesome advice. Let a word of truth once reach those ears, which are perpetually fed and entertained with flattery. You'll ask me, what service can be done to a person arrived at the highest pitch of felicity? It will teach him not to trust to his prosperity; it will remove that vain confidence he has in his power and greatness, as if they were to endure forever; make him understand that everything which belongs to, and depends upon fortune, is as unstable as herself; and that there is often but the space of a moment between the highest elevation and the most unhappy downfall."

Beware Mr. Vanderbilt! The flight of a bird, the sound of a single human voice, has been known to start the Alpine avalanche.

As the Sun,
Ere it is risen, sometimes paints its image
In the atmosphere, so often do the spirits
Of great events stride on before the events,
And in to-day already walks to-morrow.

ARGUS.

Here are a couple of memorandums made by me during my investigations:

Memorandum No. 1 shows the reasons for unjust discriminations, excessive freight charges, &c.

1867-8.		1877-8.	
<i>Cost of Roads.</i>		<i>Cost of Roads.</i>	
Central.....	\$36,607,696.87	Central & H. R. R.	\$99,594,995.43
Hudson R. R.	19,185,989.22		
Harlem.....	10,240,451.52	Harlem.....	21,968,707.97
Total.....	\$66,034,137.61		\$121,862,803.40
	<i>Bonded debt.</i>		<i>Bonded debt.</i>
Central.....	\$11,458,904.11	Central and	
H. R. R. Co..	6,074,960.00	H. R. R. Co. }	\$40,433,283.89
Harlem.....	5,086,325.00	Harlem.....	11,317,329.00
	\$22,620,189.11	((\$700,000 real estate, mortgage included)	\$51,750,612.89
	<i>Stock.</i>		<i>Stock.</i>
Central.....	\$28,780,000.00	Central and	
H. R. R. Co..	13,932,700.00	H. R. R. Co. }	\$89,428,300.00
Harlem.....	7,000,000.00	Harlem.....	9,450,000.00
	\$49,712,700.00		\$98,878,300.00
	<i>Profits, after paying taxes and all expenses,</i>		<i>Profits, after paying taxes and all expenses,</i>
	1868.		1878.
Central.....	\$4,982,310.25	Central and	
H. R. R. Co..	1,437,361.18	H. R. R. Co. }	\$10,835,022.15
Harlem.....	955,889.98	Harlem....	1,815,851.31
	\$7,375,561.41		\$12,650,873.46
	<i>Taxes paid for year ending Sept. 30, 1868.</i>		<i>Taxes paid for year ending Sept. 30, 1878.</i>
Central.....	\$450,636.00	Central & H.	
H. R. R. Co..	109,099.26	R. R. Co., including part	
Harlem.....	65,801.93	of Harlem's taxes.	\$924,506.26
		Harlem Horse railway....	24,116.28
	(Estimated)	Add Central's tax on its capital of \$250,000	7,500.00
	\$625,537.19		\$956,122.54

RECAPITULATION.

1867-8.

Cost, bonded debt, &c.
 Cost..... \$66,034,137.61
 Bonded debt... 22,620,189.11
 Stock..... 49,712,700.00

 \$138,367,026.72

Deduct..... 138,367,026.72

Increase..... \$134,124,689.57

1877-8.

Cost, bonded debt, &c.
 Cost..... \$121,862,803.40
 Bonded debt... 51,750,612.89
 Stock..... 98,878,300.00

 \$272,491,716.29

Deduct..... 138,367,026.72

 \$134,124,689.57

P. S.—Harlem paid this year, (1867-8) on a capital of \$50,000!
 Hudson R. R. “ “ “ “ “ “ “ “ 90,666!

You will have to ask Chauncey Depew about Central's capital.

Q. Who pays the interest on this increase?

A. The public.

Q. Has not Harlem's stock and bonded debt been increased \$1,032,-269 since 1873, and is not the Central obliged to pay interest on this sum yearly to the tune of \$286,758,400 for the period of 401 years? In other words, is not Vanderbilt required to pay to Vanderbilt yearly \$286,758,400 more than he was required to pay in that year?

A. Yes.

Q. Where does Vanderbilt get the money to do this?

A. From the people, and by reducing the wages of his employees, and by charging exorbitant freights.

Q. Does Mr. Vanderbilt have to pay taxes on the moneys invested in Central, Western Union and Harlem?

A. No. You see, Central pays taxes on a capital of \$250,000, and Western Union pays on a capital of \$466,666.66, or thereabouts. These payments free Mr. Vanderbilt.

Q. How about Harlem?

A. Harlem has no taxable capital.

Q. Explain, please?

A. There are 9,450 shares of \$100 each. These shares sell at \$150 each, which makes \$14,175,000, the “actual value” of the capital. As we are allowed by an ancient statute to deduct the “actual cost” of the company's real estate, the company has, therefore, no taxable capital.

Q. Please state the actual “cost” of the company's real estate?

A. By looking at the company's report, on page 771 of the State Engineer's Report for 1878, you will find \$20,422,562.10 to be the sum expended.

"LOOK YOU, UPON THIS PICTURE."

MEMORANDUM NO. 2

Showing the net profits of the Horse railways of New York, for the year ending September 30th, 1878.

State Engineer's Report for year ending September 30th, 1878.

	Page.	
*Bleecker street and Fulton Ferry.....	656.	\$ 62,500.00
Broadway and Seventh Avenue.....	662.	331,177.01
Central Crostown.....	687.	37,485.46
Central Park, N. and E. River.....	691.	243,442.21
Christopher and Tenth Street.....	694.	14,299.99
Dry Dock, East Broadway and Battery....	714.	280,356.36
Eighth Avenue.....	712.	167,170.82
Forty-second street and Grand street Ferry..	724.	118,891.37
Harlem Bridge, Morrisania and Fordham....	742.	19,861.07
Houston, West street and Pavonia Ferry....	747.	37,790.08
New York and Harlem.....	771.	316,638.28
Ninth Avenue.....	778.	14,125.18
One Hundred and Twenty-fifth.....	784.	15,000.00
Second Avenue.....	796.	267,308.97
Sixth Avenue.....	799.	244,961.21
Third Avenue.....	815.	719,601.48
Twenty-third.....	826.	133,427.00

Total..... \$3,023,936.43

A clear profit of over eight per cent. on about \$38,000,000!

*Laid to Twenty-third street line for 99 years. Terms of lease. Interest on Funded debt of \$300,000, and 1½ per cent. on \$300,000 of stock.
 †Laid to Third Avenue, \$15,000 a year.

AND ON THIS."

Hamlet, Act III, Scene 4.

Assessed Value of the Horse Railways for 1879.

	Real.	Tracks.	Personal.
Bleecker street and Fulton Ferry.....	\$160,000	122,000	Nothing.
Broadway and Seventh Avenue.....	450,000	528,000	161,044
Central Crostown.....	43,500	74,000	Nothing.
Christopher and Tenth street (estimated)	25,000	60,000	"
Central Park, N. and E. River.....	183,000	267,000	"
Dry Dock, East Broadway and Battery....	308,000	425,000	"
Eighth Avenue.....	468,500	355,000	"
Forty-second and Grand St. Ferry.....	100,000	250,000	369,620
Harlem Bridge and Morrisania (estim'd)	20,000	35,000	Nothing.
Houston, West St. and Pavonia Ferry..	53,000	76,500	"
Ninth Ave.....	219,500	123,500	"
One Hundred and Twenty-fifth.....	—	40,000	"
Second Ave.....	413,400	225,000	"
Sixth Ave.....	531,000	146,000	"
Third Ave.....	932,000	597,000	"
Twenty-third.....	134,000	110,000	195,000

\$4,040,900 \$3,234,000 \$725,664

Total..... \$8,000,564

Add Harlem Horse Railway, (4th Ave.)

including Gilmore's Garden, depots, &c. (estimated.) 1,200,000

\$9,200,564

The *tracks* of the horse railways are "real estate" for the purpose of taxation. In fixing their value, it is the duty of the Tax Commissioners to take into consideration the "*rent, income, and profit*" derived from their use. So the Court of Appeals held in the case of *The People v. Baker*, (48 N. Y., 77.) The Third ave. road pays the 125th street road \$15,000 a year for the rent of its tracks, the stockholder receiving a rental of over 7 per cent. on \$210,000.

Third Ave. valuation.....	210,000
Assessed valuation.....	40,000
Untaxed.....	\$170,000

*Third avenue road pays \$15,000 a year for rent of this track—over 8 per cent on \$187,000. Total, \$8,000,564.

[From the Wall Street Daily News.]

VANDERBILT'S "SPECIAL RATES."

SHALL MONOPOLIES BE DESTROYED?

We make the following extracts from the New York Review and Taxpayer's Advocate:

"The question as to the validity of these special contracts came before the Supreme Court of New Jersey in the case of *Messenger vs. The Pennsylvania Railroad Company* (36 N. J. Law Reports, 407), where the plaintiff sought to recover the amount of a 'drawback' which the company had covenanted to pay. It was held that 'An agreement by a railroad company to carry goods for certain persons at a cheaper rate than they will carry them under the same conditions for others, is void as creating an illegal preference.' The Court declares: 'There can be no doubt that an agreement of this kind is calculated to give an important advantage to one dealer over other dealers, and it is equally clear that if the power to make the present agreement exists, many branches of business are at the mercy of these companies. * * * The tendency of such contracts is adverse to the public welfare, which is materially dependent on commercial competition and the absence of monopolies.' Referring to the important franchises granted to railroads the Court proceeds to say: 'In the use of such franchises all citizens have an equal interest and an equal right, and all must, under the same circumstances, be treated alike. * * * A person having a public duty to discharge is undoubtedly bound to exercise such office for the equal benefit of all, and therefore, to permit him to charge various prices, according to the person with whom he deals, for the same services, is to forget that he owes a duty to the community.'

"In England unjust discriminations on the part of common carriers are prohibited by an Act of Parliament, but the Courts have held that the statute is 'but declaratory of what the law now is.' The Act was passed in 1854. It prohibits the giving of 'any undue or unreasonable preference or advantage to, or in favor of any particular person or company, or any partial description of traffic in any respect whatsoever.'

"Having established that Mr. Vanderbilt has committed a great public offense in granting 'special rates' to a few favored persons and corporations, we would suggest to our learned District Attorney, that the great untaxed is guilty of a common law misdemeanor, and is liable to indictment and punishment. 'Whatever amounts to a public wrong is said to be indictable, and if it is not a felony, may be punished as a misdemeanor at common law, unless otherwise provided by statute.' (*Barbour's Criminal Law*, § 229.) We think it high time that the Vanderbilt power should be stamped out by the people. William the First will learn in November, that revolutions have a terrible arm and lucky hand; that they hit hard and choose well. Citizens! Look to your Senators and Assemblymen in November!"

We fully concur in the views above expressed. The cry goes up from one end of the State to the other, "No more monopolies!" "No

more unjust discriminations!!" "No more special rates!!!" It is about time that every citizen should know just how far the law upholds the frightful exactions that the people are subjected to at the hands of these children of the State—the great corporations. It is the settled law that a railroad company owes to the State, in consideration of its franchise and right of way, the duty of impartially receiving and transporting merchandise offered by all persons, (see *Rodgers vs. Erie R. R. Co.*, 20 N. J. Equity, 379; *New England Ex. Co. vs. Maine Central R. R. Co.*; *Union, &c., Co. vs. Erie R. R. Co.*, 37 N. J. L., 23, and other cases.)

In the Maine case, it was held that any special contract between a railroad company and particular persons—an express company, for instance—which transfers the business of carriage of merchandise over the route of the latter, and under which the railroad company refuses to carry for the general public, while the express company declines to carry subject to the liability of common carriers, is void, as against public policy.

We quote from the opinion of Chief Justice Abbott:

"Common carriers are bound to carry, indifferently, within the usual range of their business, for a reasonable compensation, all freight offered, and all passengers who may apply. For similar equal services they are entitled to the same compensation. All applying have an equal right to be transported in the order of their application. They cannot legally give undue and unjust preferences or make unequal and extravagant charges. * * * The very definition of a common carrier excludes the right to grant monopolies, or to give special and unequal preferences. It implies *indifference* as to whom they may serve, and an equal readiness to serve all who may apply, and in the order of their application. The defendants derive their chartered right from the State. They owe an equal duty to each citizen. They are allowed to impose a toll, but it is not to be so imposed as specially to benefit one and injure another. They cannot rightfully confer a monopoly upon individuals or corporations. Such is the common law on the subject."

In England, a contract which admitted to the door of the station, within the yard of a railway company a certain omnibus, and excluded another omnibus, was held void. *Marriot vs. L. & S. W. R. R. Co.*, 87 English Common Law Reports, 498.

In *Garton vs. Bristol and Exeter R. R. Co.*, 95, E. C. L. R. 641, it was decided, that a contract with certain iron-mongers to carry their freight for a less price than that charged to the public, was illegal.

In *Crane vs. The L. & N. W. R. R. Co.*, 78 E. C. R., 254, it was adjudged that a railroad could not make a regulation for the conveyance of goods which in practice affected one individual only.

In a case in Ohio, special privileges were granted to a pet news

agency, which had the effect of bankrupting a rival company. The Court decreed that the Telegraph Company should make good the loss; holding that the defendant had no right to grant any special favors or privileges. Says the Judge: "On any other theory a telegraph company may become a perfect monopoly for favored parties, and, what is worse, a close corporation merely, for the benefit of the few to the prejudice of the many."

In *Sanford vs. R. R. Co.*, 24 Penn., 382, the Court held that the power given in the charter of a railway company to regulate the transportation of the road did not give the right to grant exclusive privileges to a particular express company. The Court say: "If the company possessed this power it might build up one set of men and destroy others; advance one kind of business and break down another, and make even religion and *politics* the tests in the distribution of its favors. The rights of the people are not subject to any such corporate control."

It is a burning shame to our State that *politics* should be made one of the tests. Senator McCarthy, of Syracuse, last winter boldly asserted that there were no special rates granted on the Vanderbilt roads and called upon his fellow Senators to vote down the resolution of enquiry respecting them. But the resolution was adopted, and it now appears that he was at the time he spoke a recipient of these "special rates." And Senator Rockwell could not hear the appeals of our suffering tax-payers for relief against corporate wrongs, and was it not, as the published testimony has shown, because he too was one of Vanderbilt's "special rate" pets?

SHALL WE HAVE A PRIVILEGED CLASS?

We have not had an opportunity to examine a case in the English Courts (and upon which Mr. Vanderbilt is said to rely) where a difference in charge was sustained from and to the same place, between persons who sent large quantities at a time, and stipulated to send given large quantities every year, and others who declined to do so. But this case is at war with all judicial utterances in this country. To follow its doctrines would be to grant a new lease of life to the Standard Oil Company and other monopolies. The next thing in order would be the "Standard Butter Company," "The Standard Milk and Beef Association," "The Standard Wool and Iron Company," &c. Remembering the conclusion of the Roman Twelve Tables, "*Salus populi suprema lex*"—the safety of the people is the supreme law—our courts will long hesitate before giving effect to any such shifts and evasions in favor of the rich and against the poor. Our people will not tolerate the creation of a privileged class. All are equal, and all will continue to be equal before the law. We live in a land where men are

valued for what they are, and not for what their dead ancestors might have been. A careful reading of the cases bearing upon the subject convinces us that Mr. Vanderbilt and his directors will be held to make good all the "drawback" moneys paid to the Standard Oil and other corporations and individuals. Indeed, we are informed that a Bill in Equity will soon be filed in behalf of stockholders for that purpose. The "drawback" covenants being void, there was no legal obligation to pay any money under them. To escape liability, it will fall upon Mr. Vanderbilt to prove the validity of these covenants. This he cannot do. Should judgment go against him, a big hole will be made in his father's untaxed millions. If this comes to pass then will we believe "That an inheritance may be gotten hastily at the beginning, but the end thereof shall not be blessed."

During the pendency of the litigation we would suggest that Mr. Vanderbilt give serious thought to the words of the preacher: "Be not anxious for goods unjustly gotten; for they shall not profit thee in the day of calamity and revenge."

**END OF
TITLE**